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| **ACCOUNTING II** |
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| 1)  | We have the following accounts: Accounts Receivable $20,000, Sales Revenue $40,000, Interest Expense $500, Depreciation Expense $5,000, Unearned Revenue $1,000, Cost of Goods Sold $10,000, Wages Expense $2,500. What is the amount of Expenses reported for the period? |
|  | A) $12,500 |
|  | B) $18,000 |
|  | C) $17,500 |
|  | D) $5,500 |

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| 2)  | Those most responsible for the major policy decisions of a corporation are the: |
|  | A) employees |
|  | B) management |
|  | C) board of directors |
|  | D) stockholders |

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| 3)  | Don and Denise are forming a partnership. Don will invest a piece of equipment with a book value of $7,500 and a fair market value of $18,000. Denise will invest a building with a book value of $40,000 and a fair market value of $44,000. What amount will be recorded to the building account? |
|  | A) $50,000 |
|  | B) $18,000 |
|  | C) $32,000 |
|  | D) $44,000 |

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| 4)  | Horizontal analysis is a technique for evaluating financial statement data: |
|  | A) on a certain date |
|  | B) over a period of time |
|  | C) as it may appear in the future |
|  | D) for one period of time |

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| 5)  | Assuming a 360-day year, when a $50,000, 90-day, 9% interest-bearing note payable matures, total payment will be: |
|  | A) $51,125 |
|  | B) $4,500 |
|  | C) $1,125 |
|  | D) $54,500 |

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| 6)  | Under GAAP, cash receipts from interest and dividends are classified as: |
|  | A) operating activities |
|  | B) financing activities |
|  | C) investing activities |
|  | D) supplemental activities |

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| 7)  | Which of the following is classified as a product cost? |
|  | A) salary of the company receptionist |
|  | B) advertising for a particular product |
|  | C) drill bits for a drill press used in the plant assembly area |
|  | D) salary of a sales manager |

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| 8)  | Which method is used to allocate costs of reciprocal support departments? |
|  | A) indirect method |
|  | B) reciprocal method |
|  | C) direct method |
|  | D) step down method |

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| 9)  | The American Advertising Federation Code of Ethics does **not** include which of the following? |
|  | A) to not mislead the public |
|  | B) reveal significant facts |
|  | C) to tell the truth |
|  | D) cheating people |

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| 10)  | Trade and business expenses should be treated as: |
|  | A) deductible for AGI. |
|  | B) a deduction from AGI subject to the 2%-of-AGI floor. |
|  | C) a deduction from AGI not subject to the 2%-of-AGI-of-AGI floor. |
|  | D) an itemized deduction if not reimbursed. |

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| 11)  | The following units of an inventory item were available for sale during the year: Beginning inventory of 10 units at $55; First purchase of 25 units at $60; Second purchase of 30 units at $65; Third purchase of 15 units at $70. The firm uses the periodic inventory system. During the year, 60 units of the item were sold. The value of ending inventory using weighted average is: |
|  | A) $1,150 |
|  | B) $1,263 |
|  | C) $1,375 |
|  | D) $1,353 |

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| 12)  | We borrowed $15,000,000 loan from the bank on an 8-year loan. What account is credited in this transaction? |
|  | A) Owner's Equity |
|  | B) Interest Expense |
|  | C) Notes Payable |
|  | D) Accounts Payable |

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| 13)  | An employee is paid $20 per hour and works 40 hours and has benefits deductions of $200 which includes 401k contributions of 5%, what is the amount of their net pay? |
|  | A) $600 |
|  | B) $760 |
|  | C) $560 |
|  | D) $460 |

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| 14)  | We have calculated depreciation on the building at $10,000 for the year. What account is debited to record the depreciation? |
|  | A) Accumulated Depreciation |
|  | B) Depreciation Expense |
|  | C) Cash |
|  | D) Building |

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| 15)  | We sold a customer $100,000 worth of inventory on account with terms 2/10, n/30. What is the amount of the discount if the customer pays within 10 days? |
|  | A) $2,000 |
|  | B) $20,000 |
|  | C) $10,000 |
|  | D) $0 |

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| 1) | B |
| 2) | C |
| 3) | D |
| 4) | B |
| 5) | A |
| 6) | A |
| 7) | C |
| 8) | C |
| 9) | D |
| 10) | A |
| 11) | B |
| 12) | C |
| 13) | A |
| 14) | B |
| 15) | A |