

## Accounting Second Semester Review

### True/False

Indicate whether the sentence or statement is true or false.

- \_\_\_\_\_ 1. A balance sheet reports financial information over a specific period of time.
- \_\_\_\_\_ 2. Amounts from a work sheet's Trial Balance columns are used in preparing the revenue section of an income statement.
- \_\_\_\_\_ 3. Amounts from a work sheet's Income Statement Debit column are used in preparing the expense section of an income statement.
- \_\_\_\_\_ 4. The formula for calculating net income is total revenue minus total expenses equals net income.
- \_\_\_\_\_ 5. For a service business, the revenue reported on an income statement includes components for total expenses and net income.
- \_\_\_\_\_ 6. The formula for calculating the total expenses component percentage is: total expenses divided by total sales equals total expenses component percentage.
- \_\_\_\_\_ 7. On a balance sheet, double lines are ruled across both amount columns to indicate that debits equal credits.
- \_\_\_\_\_ 8. Component percentages on an income statement are calculated by dividing sales and total expenses by net income.
- \_\_\_\_\_ 9. The Adequate Disclosure accounting concept is applied when financial statements contain all information necessary to understand a business's financial condition.
- \_\_\_\_\_ 10. The Matching Expenses with Revenue accounting concept is applied when the revenue earned and the expenses incurred to earn that revenue are reported in the same fiscal period.
- \_\_\_\_\_ 11. Information needed to prepare an income statement comes from the Trial Balance columns and the Income Statement columns of a work sheet.
- \_\_\_\_\_ 12. The work sheet is used to assist in preparing the revenue, expenses, and net income sections of an income statement.
- \_\_\_\_\_ 13. Single lines ruled across an amount column of an income statement indicate that amounts are to be added.
- \_\_\_\_\_ 14. A balance sheet reports financial information on a specific date and includes the assets, liabilities, and owner's equity.
- \_\_\_\_\_ 15. All companies should have a total expenses component percentage that is not more than 80.0 percent.
- \_\_\_\_\_ 16. Reports and financial records of the business are kept separate from the personal records of the partners.
- \_\_\_\_\_ 17. When a business keeps its accounting records on the assumption that it will make money and continue in business indefinitely, it is applying the Consistent Reporting accounting concept.
- \_\_\_\_\_ 18. A business in which two or more persons combine their assets and skills is a partnership.
- \_\_\_\_\_ 19. The selling price of merchandise must be greater than the cost of merchandise for a business to make a profit.
- \_\_\_\_\_ 20. Accounts related to the cost of merchandise are kept in the Revenue division in the general ledger chart of accounts.

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- \_\_\_ 21. The purchases account is increased by a credit and decreased by a debit.
- \_\_\_ 22. The cost account Purchases is used only to record the selling price of the merchandise sold.
- \_\_\_ 23. To apply the historical cost accounting concept, merchandise purchased for sale should be recorded at its actual value even if a special sale price is granted.
- \_\_\_ 24. A cash purchase transaction decreases the balance of the cash account.
- \_\_\_ 25. The purchase invoice number assigned by the vendor should be used as the source document number in the journal entry.
- \_\_\_ 26. A purchase invoice dated August 3 is received on August 5 and terms of sale are 20 days. Payment must be made by August 25.
- \_\_\_ 27. A purchase invoice usually lists only the total cost of the merchandise.
- \_\_\_ 28. A purchase on account transaction increases the purchases account balance and increases the accounts payable account balance.
- \_\_\_ 29. The source document for a cash purchase of merchandise is a memorandum describing the merchandise purchased.
- \_\_\_ 30. If an accounting error is discovered, a memorandum is prepared describing the correction to be made.
- \_\_\_ 31. Very few states in the United States require collecting a tax on sales of merchandise to customers.
- \_\_\_ 32. Sales tax rates are usually stated as a percentage of sales.
- \_\_\_ 33. The same accounting procedures are used for all sales tax rates.
- \_\_\_ 34. Every business collecting a sales tax needs accurate records of the amount of tax collected.
- \_\_\_ 35. Businesses must file reports with the proper government unit and pay the amount of sales tax collected.
- \_\_\_ 36. The amount of sales tax collected is an asset of the business until paid to the state government.
- \_\_\_ 37. The account Sales Tax Payable is increased by a debit and decreased by a credit.
- \_\_\_ 38. A sale of merchandise increases the revenue of a business.
- \_\_\_ 39. The increase in revenue from a sale should be recorded at the time actual payment is received.
- \_\_\_ 40. The bank that issues the credit card bills the customer and collects the amount owed.
- \_\_\_ 41. Sales for cash and credit cards are recorded as a single cash sales transaction.
- \_\_\_ 42. Double lines are ruled to show that totals have been verified as correct.
- \_\_\_ 43. A person or business to whom merchandise or services are sold is a customer.
- \_\_\_ 44. The realization of revenue accounting concept is applied when a sale is recorded at the time the sale is made.
- \_\_\_ 45. A credit card sale is a sale in which cash is received for the total amount of the sale at the time of the transaction.
- \_\_\_ 46. At the end of the week, all credit card slips are gathered together, sorted by issuing bank, and mailed individually to each of the banks to collect payment.

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- \_\_\_ 47. When cash and credit card sales are recorded at the end of each week, if a month ends in the middle of a week, the whole week is recorded in the following month.
- \_\_\_ 48. The revenue account Sales has a normal credit balance.
- \_\_\_ 49. The liability account Sales Tax Payable has a normal debit balance.
- \_\_\_ 50. When cash is proved, it must always equal the amount on the next unused check stub.
- \_\_\_ 51. Posting information from journals to ledger accounts summarizes in one place transactions affecting each ledger account.
- \_\_\_ 52. When the balance of a vendor account in an accounts payable ledger is changed, the balance of the controlling account is unaffected.
- \_\_\_ 53. The heading of the balance column of an account in the accounts payable ledger is titled Debit Balance.
- \_\_\_ 54. The amounts on each line of a purchases journal are posted to vendor accounts in the accounts payable ledger.
- \_\_\_ 55. The totals of the general columns of the cash payments journal are posted.
- \_\_\_ 56. A schedule of accounts payable is prepared before all journal entries have been posted.
- \_\_\_ 57. Entries in a cash receipts journal affect account balances in the accounts payable ledger and the general ledger.
- \_\_\_ 58. Each entry in the Accounts Receivable Credit column of the cash receipts journal affects the customer named in the Account Title column.
- \_\_\_ 59. Each amount in the General columns of a cash receipts journal is posted to a general ledger account.
- \_\_\_ 60. A listing of customer accounts, account balances, and total amount due from all customers is a schedule of accounts receivable.
- \_\_\_ 61. Items affecting customer or vendor accounts are posted periodically during the month.
- \_\_\_ 62. An account in a general ledger that summarizes all accounts in a subsidiary ledger is a controlling account.
- \_\_\_ 63. Balances of general ledger accounts are usually needed only when financial statements are prepared.
- \_\_\_ 64. The number of transactions determines how often to post to a general ledger.
- \_\_\_ 65. A vendor account is opened by writing the vendor name and vendor number on the heading of the ledger account.
- \_\_\_ 66. The money paid for employee services is a salary.
- \_\_\_ 67. The period covered by a salary payment is a pay period.
- \_\_\_ 68. All businesses base their salary payments on the same length of time.
- \_\_\_ 69. The total amount earned by all employees for a pay period is a payroll.
- \_\_\_ 70. A payroll system must include an accurate record of the time each employee has worked.
- \_\_\_ 71. Total earnings are sometimes referred to as gross pay.
- \_\_\_ 72. Federal income tax is withheld from employee earnings in all but two states.





- \_\_\_\_ 102. The journal entry to adjust Supplies is \_\_\_\_.
- debit Supplies; credit Supplies Expense
  - debit Supplies Expense; credit Supplies
  - debit Income Summary; credit Supplies
  - debit Supplies Expense; credit Income Summary
- \_\_\_\_ 103. After the adjusting entry for Supplies has been posted, Supplies Expense has an up-to-date balance, which is the \_\_\_\_.
- same as the beginning balance for Supplies
  - same as the ending balance for Supplies
  - value of supplies bought during the fiscal period
  - value of supplies used during the fiscal period
- \_\_\_\_ 104. The journal entry to adjust Prepaid Insurance is \_\_\_\_.
- debit Prepaid Insurance; credit Insurance Expense
  - debit Insurance Expense; credit Prepaid Insurance
  - debit Income Summary; credit Prepaid Insurance
  - debit Insurance Expense; credit Income Summary
- \_\_\_\_ 105. After the adjusting entry for Prepaid Insurance has been posted, Insurance Expense has an up-to-date balance, which is the \_\_\_\_.
- same as the beginning balance for Prepaid Insurance
  - same as the ending balance for Prepaid Insurance
  - value of insurance premiums used during the fiscal period
  - value of insurance premiums bought during the fiscal period
- \_\_\_\_ 106. Accounts used to accumulate information from one fiscal period to the next are \_\_\_\_.
- revenue accounts
  - permanent accounts
  - temporary accounts
  - expense accounts
- \_\_\_\_ 107. Accounts used to accumulate information until it is transferred to owner's capital accounts are \_\_\_\_.
- asset accounts
  - permanent accounts
  - temporary accounts
  - liability accounts
- \_\_\_\_ 108. Temporary accounts begin each new fiscal period with a \_\_\_\_.
- debit balance
  - credit balance
  - zero balance
  - balance equal to the net income
- \_\_\_\_ 109. When the revenue is greater than the total expenses, \_\_\_\_.
- the income summary account has a credit balance
  - the income summary account has a debit balance
  - debits equal credits
  - none of the above
- \_\_\_\_ 110. When the total expenses are greater than the total revenue, \_\_\_\_.
- the income summary account has a credit balance
  - the income summary account has a debit balance
  - debits equal credits
  - none of the above
- \_\_\_\_ 111. Information needed for closing entries is found in the \_\_\_\_.
- Income Statement and Balance Sheet columns of the work sheet
  - Income Statement and Adjustments columns of the work sheet
  - Trial Balance and Adjustments columns of the work sheet
  - Trial Balance and Balance Sheet columns of the work sheet

- \_\_\_\_ 112. The journal entry to close Sales is \_\_\_\_.
- debit Income Summary; credit Sales
  - debit Sales; credit Income Summary
  - debit Income Summary; credit owner's capital
  - none of the above
- \_\_\_\_ 113. The journal entry to close the expense accounts is \_\_\_\_.
- debit Income Summary; credit owner's capital
  - debit Income Summary for the total expenses; credit each expense account
  - debit each expense account; credit Income Summary
  - none of the above
- \_\_\_\_ 114. The journal entry to close Income Summary when there is a net income is \_\_\_\_.
- debit Sales; credit Income Summary
  - debit owner's capital; credit Income Summary
  - debit owner's capital account; credit Sales
  - debit Income Summary; credit owner's capital
- \_\_\_\_ 115. The journal entry to close Income Summary when there is a net loss is \_\_\_\_.
- debit Sales; credit Income Summary
  - debit owner's capital; credit Income Summary
  - debit Income Summary; credit owner's capital
  - debit owner's capital account; credit Sales
- \_\_\_\_ 116. The journal entry to close the drawing account is \_\_\_\_.
- debit Sales; credit Income Summary
  - debit owner's capital; credit Income Summary
  - debit Income Summary; credit owner's capital
  - debit owner's capital account; credit owner's drawing account
- \_\_\_\_ 117. After the closing entries are posted, the only accounts with balances are \_\_\_\_.
- owner's equity accounts
  - permanent accounts
  - temporary accounts
  - asset accounts
- \_\_\_\_ 118. Which accounting concept applies when a work sheet is prepared at the end of each fiscal cycle to summarize the general ledger information needed to prepare financial statements?
- Business Entity
  - Accounting Period Cycle
  - Adequate Disclosure
  - Consistent Reporting
- \_\_\_\_ 119. Which accounting concept applies when financial statements are prepared from information on the work sheet?
- Objective Evidence
  - Consistent Reporting
  - Accounting Period Cycle
  - Adequate Disclosure
- \_\_\_\_ 120. Which accounting concept applies when expenses are reported in the same fiscal period that they are used to produce revenue?
- Business Entity
  - Going Concern
  - Matching Expenses with Revenue
  - Adequate Disclosure
- \_\_\_\_ 121. Information needed for journalizing the adjusting entries is obtained from the \_\_\_\_.
- general ledger account Balance columns
  - income statement
  - work sheet's Adjustments columns
  - balance sheet

- \_\_\_\_\_ 122. Information needed for recording the closing entries is obtained from the \_\_\_\_\_.  
a. general ledger accounts' Debit Balance columns  
b. work sheet's Income Statement and Balance Sheet columns  
c. balance sheet  
d. income statement
- \_\_\_\_\_ 123. Income summary is \_\_\_\_\_.  
a. an asset account  
b. a liability account  
c. a temporary account  
d. a permanent account
- \_\_\_\_\_ 124. Information needed to journalize a closing entry for revenue is obtained from the \_\_\_\_\_.  
a. work sheet's Income Statement Credit column  
b. work sheet's Income Statement Debit column  
c. work sheet's Adjustments Debit column  
d. work sheet's Adjustments Credit column
- \_\_\_\_\_ 125. Information needed to journalize a closing entry for expenses is obtained from the \_\_\_\_\_.  
a. work sheet's Income Statement Credit column  
b. work sheet's Income Statement Debit column  
c. work sheet's Adjustments Debit column  
d. work sheet's Adjustments Credit column
- \_\_\_\_\_ 126. Information needed to journalize a closing entry for the income summary account is obtained from \_\_\_\_\_.  
a. the general ledger accounts  
b. a work sheet's net income or net loss line  
c. an income statement  
d. a balance sheet
- \_\_\_\_\_ 127. Information needed to journalize a closing entry for the owner's drawing account is obtained from the \_\_\_\_\_.  
a. work sheet's Balance Sheet Debit column  
b. work sheet's Balance Sheet Credit column.  
c. income statement.  
d. work sheet's Income Statement Debit column.
- \_\_\_\_\_ 128. After the closing entries are posted, the owner's capital account balance should be the same as \_\_\_\_\_.  
a. shown on the balance sheet for the fiscal period.  
b. shown in the work sheet's Balance Sheet Debit column.  
c. shown in the work sheet's Balance Sheet Credit column.  
d. shown in the work sheet's Income Statement Debit column.
- \_\_\_\_\_ 129. The accounts listed on a post-closing trial balance are \_\_\_\_\_.  
a. those that have balances after the closing entries are posted  
b. all general ledger accounts  
c. those that have no balances after adjusting and closing entries  
d. those that appear in the work sheet's Trial Balance columns.
- \_\_\_\_\_ 130. The last step in the accounting cycle is \_\_\_\_\_.  
a. to journalize and post the closing entries  
b. to prepare a work sheet and financial statements  
c. to analyze transactions and journalize and post them  
d. none of the above
- \_\_\_\_\_ 131. Keeping the reports and financial records of a business separate from the personal records of the partners is an application of the accounting concept \_\_\_\_\_.  
a. Going Concern  
b. Business Entity  
c. Historical Cost  
d. Objective Evidence

- \_\_\_\_ 132. A business expecting to make money and continue in business indefinitely is applying the accounting concept \_\_\_\_.
- a. Business Entity
  - b. Going Concern
  - c. Objective Evidence
  - d. Historical Cost
- \_\_\_\_ 133. A journal used to record only one kind of transaction \_\_\_\_.
- a. is a special journal
  - b. is a general journal
  - c. must be used by all businesses
  - d. increases the time required to journalize transactions
- \_\_\_\_ 134. The price a business pays for goods it purchases to sell is \_\_\_\_.
- a. cost of goods sold
  - b. cost of merchandise
  - c. markup
  - d. cost of sales
- \_\_\_\_ 135. The amount added to the cost of merchandise to establish the selling price is \_\_\_\_.
- a. cost of goods sold
  - b. cost of merchandise
  - c. cost of sales
  - d. markup
- \_\_\_\_ 136. The purchases account is classified as \_\_\_\_.
- a. an expense account
  - b. an asset account
  - c. a liability account
  - d. a cost account
- \_\_\_\_ 137. Recording the actual amount paid for merchandise or other items bought is an application of the accounting concept \_\_\_\_.
- a. Business Entity
  - b. Objective Evidence
  - c. Historical Cost
  - d. Going Concern
- \_\_\_\_ 138. A purchases journal is used to journalize \_\_\_\_.
- a. all purchase transactions
  - b. all transactions
  - c. all purchase of merchandise on account transactions
  - d. adjusting entries
- \_\_\_\_ 139. A journal amount column headed with an account title is a \_\_\_\_.
- a. general amount column
  - b. general debit column
  - c. general credit column
  - d. special amount column
- \_\_\_\_ 140. Writing an account title in the Account Title column of a journal is not necessary if the journal has \_\_\_\_.
- a. a Cash Debit column
  - b. a Post Ref. column
  - c. a Source Doc. column
  - d. special amount columns
- \_\_\_\_ 141. A form describing goods sold, the quantity, and the price is \_\_\_\_.
- a. a check
  - b. a receipt
  - c. an invoice
  - d. a memorandum
- \_\_\_\_ 142. The source document for recording a purchase on account transaction is a \_\_\_\_.
- a. purchase invoice
  - b. sales invoice
  - c. memorandum
  - d. check
- \_\_\_\_ 143. An agreement between a buyer and a seller about payment for merchandise is the \_\_\_\_.
- a. purchase invoice
  - b. correcting entry
  - c. sales invoice
  - d. terms of sale
- \_\_\_\_ 144. The entry to journalize a purchase of merchandise on account is \_\_\_\_.
- a. debit Accounts Payable; credit Merchandise
  - b. debit Accounts Payable; credit Purchases
  - c. debit Purchases; credit Accounts Payable
  - d. debit Purchases; credit Merchandise

- \_\_\_\_ 145. A liability account that summarizes the amounts owed to all vendors is titled \_\_\_\_.
- a. Accounts Payable
  - b. Accounts Receivable
  - c. Sales
  - d. Purchases
- \_\_\_\_ 146. A cash payments journal is used to journalize \_\_\_\_.
- a. all cash transactions
  - b. only cash payment transactions
  - c. adjusting entries
  - d. closing entries
- \_\_\_\_ 147. Supplies bought for use in a business are recorded in the \_\_\_\_.
- a. supplies expense account
  - b. purchases account
  - c. supplies account
  - d. cash account
- \_\_\_\_ 148. The entry to journalize buying supplies for cash is \_\_\_\_.
- a. debit Supplies; credit Cash
  - b. debit Accounts Payable; credit Supplies
  - c. debit Purchases; credit Cash
  - d. debit Purchases; credit Supplies
- \_\_\_\_ 149. The entry to journalize payment to replenish a petty cash fund is \_\_\_\_.
- a. debit Cash; credit Petty Cash
  - b. debit Petty Cash; credit Cash
  - c. debit the appropriate expense and other accounts; credit Cash
  - d. debit the appropriate expense and other accounts; credit Petty Cash
- \_\_\_\_ 150. Assets taken out of a business for the personal use of an owner \_\_\_\_.
- a. must be in the form of cash
  - b. are usually cash or merchandise
  - c. should be recorded as credits to the partners' drawing accounts
  - d. should be recorded as debits to the partners' capital accounts
- \_\_\_\_ 151. The source document for a cash withdrawal by a partner is a \_\_\_\_.
- a. check
  - b. receipt
  - c. purchase invoice
  - d. memorandum
- \_\_\_\_ 152. When two account titles are written on one line of the general journal, \_\_\_\_.
- a. only one account is posted
  - b. neither account is posted
  - c. a diagonal line is placed in the Post. Ref. column
  - d. only the totals are posted
- \_\_\_\_ 153. When merchandise is withdrawn by a partner, the \_\_\_\_.
- a. source document for the transaction is a check
  - b. balance of the purchases account is increased
  - c. other partner must also take an equal amount of merchandise out of the business for personal use
  - d. transaction will increase the balance of the drawing account and decrease the balance of the purchases account
- \_\_\_\_ 154. The entry to journalize a withdrawal of merchandise by a partner is \_\_\_\_.
- a. debit Supplies; credit Drawing
  - b. debit Accounts Payable; credit Supplies
  - c. debit Purchases; credit Drawing
  - d. debit Drawing; credit Purchases
- \_\_\_\_ 155. The equality of debits and credits for the general journal is \_\_\_\_.
- a. checked at the end of the month
  - b. not checked
  - c. checked after each entry is recorded
  - d. checked every week
- \_\_\_\_ 156. The amount of sales tax a business collects is \_\_\_\_.
- a. an asset
  - b. an expense.
  - c. a liability
  - d. revenue



- \_\_\_\_\_ 169. A sale on account transaction \_\_\_\_\_.  
a. increases the balance of the Accounts Payable account  
b. increases the amount to be collected later from a customer  
c. decreases the amount to be collected later from a customer  
d. decreases the balance of the Accounts Receivable account
- \_\_\_\_\_ 170. When merchandise is sold on account and sales tax is also collected, \_\_\_\_\_.  
a. Accounts Receivable is credited for the total sale and sales tax  
b. the accounts receivable account balance is increased  
c. Sales is debited for the price of the goods  
d. the sales tax is not reported
- \_\_\_\_\_ 171. When cash is received on account, the balance of the \_\_\_\_\_.  
a. cash account decreases  
b. sales account increases  
c. sales tax payable account decreases  
d. accounts receivable account decreases
- \_\_\_\_\_ 172. The journal entry for a cash receipt on account is \_\_\_\_\_.  
a. debit Cash; credit Accounts Receivable  
b. debit Cash; credit Accounts Payable  
c. debit Accounts Payable; credit Cash  
d. debit Accounts Payable; credit Accounts Receivable
- \_\_\_\_\_ 173. A special journal used to record only sales on account is \_\_\_\_\_.  
a. a cash journal  
b. a purchases journal  
c. a cash receipts journal  
d. none of the above
- \_\_\_\_\_ 174. Using a sales invoice as a source document for recording a sale on account is an application of the accounting concept \_\_\_\_\_.  
a. Matching Expenses with Revenue  
b. Objective Evidence  
c. Realization of Revenue  
d. Business Entity
- \_\_\_\_\_ 175. A special journal used to record only cash receipt transactions is \_\_\_\_\_.  
a. a cash journal  
b. a purchases journal  
c. a cash receipts journal  
d. none of the above
- \_\_\_\_\_ 176. The ledger that contains all accounts needed to prepare financial statements is the \_\_\_\_\_.  
a. accounts payable ledger  
b. accounts receivable ledger  
c. general ledger  
d. subsidiary ledger
- \_\_\_\_\_ 177. A ledger that is summarized in a single general ledger account is a \_\_\_\_\_.  
a. ledger  
b. controlling ledger  
c. secondary ledger  
d. subsidiary ledger
- \_\_\_\_\_ 178. A subsidiary ledger containing only accounts for vendors from whom items are purchased or bought on account is \_\_\_\_\_.  
a. an accounts payable ledger  
b. an accounts receivable ledger  
c. a general ledger  
d. none of the above
- \_\_\_\_\_ 179. An account in a general ledger that summarizes all accounts in a subsidiary ledger is \_\_\_\_\_.  
a. an expense account  
b. a contra account  
c. a controlling account  
d. a capital account
- \_\_\_\_\_ 180. Each account in a subsidiary ledger has \_\_\_\_\_.  
a. two amount columns  
b. three amount columns  
c. four amount columns  
d. none of the above

- \_\_\_\_ 181. The amount on each line of a purchases journal is posted as a \_\_\_\_.
- a. debit to an account in the accounts payable ledger
  - b. debit to an account in the accounts receivable ledger
  - c. credit to an account in the accounts payable ledger
  - d. credit to an account in the accounts receivable ledger
- \_\_\_\_ 182. Each entry in the purchases journal is an amount that \_\_\_\_.
- a. is to be paid to a vendor
  - b. has been paid to a vendor
  - c. is to be collected from a customer
  - d. none of the above
- \_\_\_\_ 183. Each entry in the purchases journal is \_\_\_\_.
- a. posted daily
  - b. posted often
  - c. posted at the end of a month
  - d. none of the above
- \_\_\_\_ 184. The total amount of the purchases journal is posted to the general ledger account(s) \_\_\_\_.
- a. Purchases
  - b. Accounts Payable
  - c. Purchases and Accounts Payable
  - d. none of the above
- \_\_\_\_ 185. The totals of the General columns of the cash payments journal are posted to \_\_\_\_.
- a. the accounts payable ledger
  - b. the accounts receivable ledger
  - c. the general ledger
  - d. none of the above
- \_\_\_\_ 186. To indicate that column totals are not to be posted, \_\_\_\_.
- a. a check mark is placed in parentheses under the total
  - b. a check mark is placed in the Post. Ref. column of the journal on the total line
  - c. nothing is placed under the total
  - d. an account number is placed in the Post. Ref. column of the journal
- \_\_\_\_ 187. A vendor number is written in the Post. Ref. column of the journal as the last posting step to \_\_\_\_.
- a. identify the vendor
  - b. start a new journal page
  - c. show that posting of this line to the accounts payable ledger is complete
  - d. show the general ledger account to which the total was posted
- \_\_\_\_ 188. When a customer account balance is changed, \_\_\_\_.
- a. the total of all account balances will be less than the balance of the controlling account
  - b. all vendor numbers will change
  - c. the balance of the controlling account Accounts Receivable is also changed
  - d. none of the above
- \_\_\_\_ 189. To open a new customer account, \_\_\_\_.
- a. the customer name is obtained from the first invoice prepared
  - b. the customer number is assigned
  - c. the customer name and number are written on the account form
  - d. all of the above
- \_\_\_\_ 190. When a credit is posted to the accounts receivable ledger, \_\_\_\_.
- a. the new amount posted in the Credit column is subtracted from the previous balance
  - b. the source document number and page number of the journal are written in the Post. Ref. column of the account
  - c. the credit amount is written in the Debit column of the account
  - d. Balance is written in the Item column

- \_\_\_\_ 191. The special amount column totals of the cash receipts journal are \_\_\_\_.
- posted monthly to a customer account
  - posted to the general ledger controlling account at the end of each month
  - not posted
  - posted often
- \_\_\_\_ 192. When posting the Accounts Receivable Credit column total of the cash receipts journal, return to the journal and write \_\_\_\_.
- the account number in the Post. Ref. column
  - a check mark under the column total
  - the account number under the column total in parentheses
  - none of the above
- \_\_\_\_ 193. A listing of customer accounts, account balances, and total amount due from all customers is a \_\_\_\_.
- schedule of accounts payable
  - schedule of accounts receivable
  - subsidiary ledger
  - controlling list
- \_\_\_\_ 194. A schedule of accounts receivable is prepared \_\_\_\_.
- before all current entries are posted
  - after all current entries are posted
  - before the special column totals are posted
  - at the beginning of the month
- \_\_\_\_ 195. A general ledger sorts and summarizes all information affecting \_\_\_\_.
- income statement and balance sheet accounts
  - accounts receivable accounts
  - accounts payable accounts
  - none of the above
- \_\_\_\_ 196. Daily general ledger account balances are \_\_\_\_.
- usually not necessary
  - necessary to do monthly financial statements
  - posted to the accounts receivable ledger daily
  - needed if the dollar amounts are large
- \_\_\_\_ 197. Information to be recorded in the accounts payable ledger is \_\_\_\_.
- the date and posting reference information
  - a debit or credit amount
  - the new account balance
  - all of the above
- \_\_\_\_ 198. When a debit is posted to the accounts payable ledger, \_\_\_\_.
- the debit amount is written in the Debit column of the account
  - the cash account increases
  - the controlling account is increased by the entry
  - all of the above
- \_\_\_\_ 199. When opening a new page in an accounts receivable ledger, \_\_\_\_.
- Balance is written in the Item column
  - the Item column is left blank
  - a number is written in the Post. Ref. column
  - none of the above

- \_\_\_\_ 200. The total of the schedule of accounts receivable should equal \_\_\_\_.
- a. the accounts receivable account balance in the general ledger
  - b. the cash account
  - c. the debit and credit proof
  - d. none of the above
- \_\_\_\_ 201. The period covered by a salary payment is a \_\_\_\_.
- a. bimonthly base
  - b. pay schedule
  - c. pay period
  - d. payroll
- \_\_\_\_ 202. The total amount earned by all employees for a pay period is a \_\_\_\_.
- a. time card
  - b. salary
  - c. wage
  - d. payroll
- \_\_\_\_ 203. The total pay due for a pay period before deductions is \_\_\_\_.
- a. gross pay
  - b. gross earnings
  - c. total earnings
  - d. all of the above
- \_\_\_\_ 204. Employee regular earnings are calculated as \_\_\_\_.
- a. regular hours times regular rate
  - b. total hours divided by regular rate
  - c. total hours plus overtime rate
  - d. overtime hours minus overtime rate
- \_\_\_\_ 205. Until payment is made, payroll taxes for an employer are \_\_\_\_.
- a. an asset
  - b. a liability
  - c. capital
  - d. an expense
- \_\_\_\_ 206. Federal income tax is withheld from employee earnings \_\_\_\_.
- a. only in those states electing to do so
  - b. in all states with over 10,000,000 population
  - c. only in states where a state income tax is levied
  - d. in all 50 states
- \_\_\_\_ 207. All employees must report their withholding allowances on a \_\_\_\_.
- a. payroll register
  - b. memorandum
  - c. Form W-4
  - d. Form W-2
- \_\_\_\_ 208. A deduction from total earnings of each person legally supported by a taxpayer is a \_\_\_\_.
- a. payroll tax
  - b. withholding allowance
  - c. federal income tax
  - d. worker's allowance
- \_\_\_\_ 209. The withholding allowances of an employee affect \_\_\_\_.
- a. social security tax withheld
  - b. federal income tax withheld
  - c. federal unemployment tax owed
  - d. state unemployment tax owed
- \_\_\_\_ 210. Medicare is for people who \_\_\_\_.
- a. have a disability
  - b. are in the hospital
  - c. have reached retirement age
  - d. are under 50 years of age
- \_\_\_\_ 211. Accurate and detailed payroll records \_\_\_\_.
- a. do not have to be retained
  - b. must be maintained
  - c. are the responsibility of the employee, not the business
  - d. none of the above
- \_\_\_\_ 212. A business form used to record payroll information is \_\_\_\_.
- a. a wage register
  - b. a payroll tax register
  - c. a payroll register
  - d. an employee time card

- \_\_\_\_ 213. Each employee name is listed in a payroll register along with \_\_\_\_.
- a. employee number
  - b. marital status
  - c. withholding allowances
  - d. all of the above
- \_\_\_\_ 214. Social security tax is calculated by \_\_\_\_.
- a. multiplying total earnings by the tax rate
  - b. multiplying net earnings by the tax rate
  - c. using a tax table
  - d. none of the above
- \_\_\_\_ 215. The total earnings paid to an employee after payroll taxes and other deductions is recorded in the payroll register \_\_\_\_.
- a. Gross Pay column
  - b. Total Earnings column
  - c. Net Pay column
  - d. Total Deductions column
- \_\_\_\_ 216. Individual payroll checks are usually written on \_\_\_\_.
- a. a company's regular checking account
  - b. a special payroll checking account
  - c. a special purposes account
  - d. an employee earnings account
- \_\_\_\_ 217. Some businesses deposit employee net pay directly to each employee bank account by using \_\_\_\_.
- a. payroll checks
  - b. payroll registers
  - c. EFT
  - d. none of the above
- \_\_\_\_ 218. A business form used to record details affecting payments made to an employee is \_\_\_\_.
- a. an employee earnings record
  - b. a payroll journal
  - c. an employee accounts payable record
  - d. a tax withholding form
- \_\_\_\_ 219. The Accumulated Earnings column of the employee earnings record \_\_\_\_.
- a. shows net pay for the year
  - b. is the total earnings since the first of the year
  - c. shows net pay for one quarter
  - d. is the gross earnings for one quarter
- \_\_\_\_ 220. The amount on the employee earnings record used to determine if certain payroll taxes apply to an employee's earnings is \_\_\_\_.
- a. net pay
  - b. accumulated earnings
  - c. gross earnings
  - d. social security taxes
- \_\_\_\_ 221. All the payroll information needed to prepare a payroll and tax reports are found on \_\_\_\_.
- a. Form W-4 and the employee earnings record
  - b. Form W-4 and the payroll register
  - c. the payroll register and the employee earnings record
  - d. Form W-4
- \_\_\_\_ 222. Until the amounts withheld from employee salaries are paid by the employer, they are recorded as \_\_\_\_.
- a. assets
  - b. liabilities
  - c. salary expense
  - d. revenue
- \_\_\_\_ 223. The source document for payment of a payroll is \_\_\_\_.
- a. a receipt
  - b. a check
  - c. a memorandum
  - d. none of the above
- \_\_\_\_ 224. The entry to journalize paying a semimonthly payroll less deductions for employee income tax, social security and Medicare tax, and U.S. Savings Bonds is a credit to Cash and the liability accounts and a debit to \_\_\_\_.
- a. Salary Expense
  - b. Unemployment Tax Payable-Federal
  - c. Payroll Taxes Expense
  - d. Cash

- \_\_\_\_\_ 225. Employers must pay payroll taxes for \_\_\_\_\_.  
a. social security and Medicare and sales taxes  
b. social security and Medicare, federal unemployment, and state unemployment taxes  
c. federal income and social security and Medicare taxes  
d. none of the above
- \_\_\_\_\_ 226. The employer social security tax rate is based on \_\_\_\_\_.  
a. the rate established for employers  
b. the same rate and earnings as employee social security tax  
c. 6.2 percent of wages paid  
d. none of the above
- \_\_\_\_\_ 227. Social security and Medicare taxes are paid by \_\_\_\_\_.  
a. employers only  
b. employees only  
c. employers and employees  
d. none of the above
- \_\_\_\_\_ 228. The total earnings subject to federal unemployment tax is referred to as \_\_\_\_\_.  
a. unemployment taxable earnings  
b. taxable earnings  
c. gross earnings  
d. total earnings
- \_\_\_\_\_ 229. In the entry to journalize employer payroll taxes expense for a semimonthly period, the account debited would be \_\_\_\_\_.  
a. Salary Expense  
b. Unemployment Tax Payable-Federal  
c. Payroll Taxes Expense  
d. Cash
- \_\_\_\_\_ 230. In the entry to journalize employer payroll taxes expense for a semimonthly period, an account credited would be \_\_\_\_\_.  
a. Salary Expense  
b. Unemployment Tax Payable-Federal  
c. Payroll Taxes Expense  
d. Cash
- \_\_\_\_\_ 231. Each employer must file a federal tax return showing the federal income tax and social security and Medicare taxes due the government \_\_\_\_\_.  
a. monthly  
b. quarterly  
c. yearly  
d. semiannually
- \_\_\_\_\_ 232. Each employer must file a federal tax return showing the federal income tax and social security and Medicare taxes due the government on a Form \_\_\_\_\_.  
a. W-2  
b. W-3  
c. 940  
d. 941
- \_\_\_\_\_ 233. The report that shows total year's earnings and amounts withheld for taxes for an employee is prepared on Form \_\_\_\_\_.  
a. W-2  
b. W-3  
c. 940  
d. 941
- \_\_\_\_\_ 234. Employers are required to furnish each employee an annual statement of earnings and withholdings before \_\_\_\_\_.  
a. December 31 of the current year  
b. January 1 of the following year  
c. January 15 of the following year  
d. January 31 of the following year
- \_\_\_\_\_ 235. The form used for the transmittal of the previous year's earnings and payroll taxes withheld for all employees is Form \_\_\_\_\_.  
a. W-2  
b. W-3  
c. 940  
d. 941
- \_\_\_\_\_ 236. The source document for paying employee income tax and social security and Medicare tax is \_\_\_\_\_.  
a. a check  
b. a receipt  
c. a memorandum  
d. none of the above

- \_\_\_\_ 237. In the entry to journalize paying the liability for the first quarter federal unemployment tax, an account debited would be \_\_\_\_.
- a. Salary Expense
  - b. Unemployment Tax Payable-Federal
  - c. Payroll Taxes Expense
  - d. Cash
- \_\_\_\_ 238. In the entry to journalize paying the liability for the first quarter federal unemployment tax, the account credited would be \_\_\_\_.
- a. Salary Expense
  - b. Unemployment Tax Payable-Federal
  - c. Payroll Taxes Expense
  - d. Cash
- \_\_\_\_ 239. In general, employers are required to pay state unemployment taxes \_\_\_\_.
- a. monthly
  - b. during the month following each calendar quarter
  - c. annually
  - d. none of the above
- \_\_\_\_ 240. The source document for paying state unemployment tax is \_\_\_\_.
- a. a check
  - b. a receipt
  - c. a memorandum
  - d. none of the above
- \_\_\_\_ 241. The payroll journal entry is based on the totals of \_\_\_\_.
- a. Earnings Total column, each deduction column, and Net Pay column
  - b. Earnings Total column, Earnings Regular and Overtime Earnings, and Deductions Total columns
  - c. Earnings Regular, Earnings Overtime, and Deductions Total columns
  - d. Earnings Total column, Earnings Regular and Earnings Overtime Total columns
- \_\_\_\_ 242. The total of the Net Pay column of the payroll register is credited to \_\_\_\_.
- a. a revenue account
  - b. an expense account
  - c. an asset account.
  - d. a liability account.
- \_\_\_\_ 243. When a semimonthly payroll is paid, the credit to Cash is equal to the \_\_\_\_.
- a. total earnings of all employees
  - b. total deductions for income tax and social security and Medicare tax
  - c. total deductions
  - d. net pay of all employees
- \_\_\_\_ 244. The Total Earnings column total is journalized as a debit to \_\_\_\_.
- a. Cash
  - b. Salary Expense
  - c. Employee Income Tax Payable
  - d. Social Security Tax Payable
- \_\_\_\_ 245. The total of the Federal Income Tax column of a payroll register is credited to \_\_\_\_.
- a. a revenue account
  - b. an expense account
  - c. a liability account
  - d. an asset account
- \_\_\_\_ 246. A federal tax used for state and federal administrative expenses of the unemployment program is \_\_\_\_.
- a. social security tax
  - b. Medicare tax
  - c. federal unemployment tax
  - d. state unemployment tax
- \_\_\_\_ 247. A state tax used to pay benefits to unemployed workers is \_\_\_\_.
- a. social security tax
  - b. Medicare tax
  - c. unemployment tax
  - d. state unemployment tax

Name: \_\_\_\_\_

ID: Z

- \_\_\_\_ 248. To record the employer payroll taxes expense, the following accounts are credited:
- a. Payroll Taxes Expense and Employee Income Tax Payable
  - b. Employee Income Tax Payable, Social Security Tax Payable, Medicare Tax Payable, Unemployment Tax Payable-Federal, and Unemployment Tax Payable-State
  - c. Social Security Tax Payable, Medicare Tax Payable, Unemployment Tax Payable-Federal, and Unemployment Tax Payable-State
  - d. none of the above
- \_\_\_\_ 249. To record the total federal tax payment for employee income tax, social security tax and Medicare tax, the account credited is \_\_\_\_.
- a. Cash
  - b. Employee Income Tax Payable
  - c. Social Security Tax Payable
  - d. Medicare Care Tax Payable
- \_\_\_\_ 250. To record the payment of federal unemployment tax, the account debited is \_\_\_\_.
- a. a revenue account
  - b. an expense account
  - c. a liability account
  - d. an asset account