|  |  |  |  |
| --- | --- | --- | --- |
|  | Class: | Date: \_\_\_\_\_\_\_\_\_\_\_\_\_ |  |

**1.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Closing entries result in the transfer of net income or net loss into the owner's Capital account.  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**2.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | Income Summary is closed with a debit to Income Summary and a credit to the Withdrawals account.  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**3.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | The Income Summary account appears in the income statement.  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**4.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | There is sufficient information on a post-closing trial balance to prepare an income statement.  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**5.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | The adjusting entries involving Depreciation Expense-Buildings and Supplies Expense could be reversed.  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**6.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | The heading of a work sheet might contain the line "As of February 28, 20x5."  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**7.**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | The adjusting entries entered onto a work sheet must still be recorded in the general journal.  Top of Form   |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | |  |  |  |  | | --- | --- | --- | --- | | a. True |  | b. False |  | |  |   Bottom of Form | |

**8.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Preparation of closing entries   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. is an optional step in the accounting cycle. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. assist in achieving periodicity and accrual accounting. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. is the first step after posting to the general ledger. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. All of these choices. |  | | |

**9.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Which of the following could *not* possibly be a closing entry?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Debit owner's Capital and credit Withdrawals |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Debit Income Summary and credit owner's Capital |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Debit owner's Capital and credit Income Summary |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Debit Income Summary and credit Withdrawals |  | | |

**10.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Under which circumstance would one less closing entry than usual be made?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. When net income is zero |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. When a net loss has been suffered |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. When withdrawals by the owner are equal to net income for the period |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. When the owner's Capital account is zero prior to posting of closing entries |  | | |

**11.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Information from the Income Statement columns of the work sheet of Landry Laundry Service is provided below:   |  |  |  | | --- | --- | --- | |  | Income Statement | | |  | Debit | Credit | | Cleaning Revenue |  | 3,500 | | Wages Expense | 700 |  | | Rent Expense | 500 |  | | Supplies Expense | 300 |  | | Insurance Expense | 200 |  | | Utilities Expense | 100 | \_\_\_\_\_ | | Net Income | 1,800 1,700 | 3,500 \_\_\_\_\_ | |  | 3,500 | 3,500 |   The entry to close Income Summary is   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Landry, Capital                             1,700                      Income Summary                              1,700 |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Income Summary                         1,700                      Landry, Capital                                 1,700 |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Income Summary                          3,500                      Landry, Capital                                3,500 |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Landry, Withdrawal                        1,800                      Income Summary                              1,800 |  | | |

**12.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Which of the following accounts would *not*be closed?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Design Revenue |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Accumulated Depreciation - Equipment |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Interest Expense |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Interest Income |  | | |

**13.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| A reversing entry is acceptable for which of the following?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Allocation of prepaid rent to the current period |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Accrual of interest expense |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Correction of an error |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Depreciation of building |  | | |

**14.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Which of the following entries could *not* be a legitimate reversing entry?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Debit Fees Earned and credit Accounts Receivable |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Debit Interest Payable and credit Interest Expense |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Debit Wages Payable and credit Wages Expense |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Debit Interest Receivable and credit Interest Income |  | | |

**15.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| A reversing entry could include a   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. credit to a revenue account. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. debit to an expense account. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. debit to a revenue account. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. debit or a credit to Cash. |  | | |

**16.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| On the work sheet, under what circumstances will the last two columns be in balance after the *initial*footing?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Under no circumstances |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. When net income is zero |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Under all circumstances, assuming no arithmetical errors have been made |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. When no adjustments have been entered on the work sheet |  | | |

**17.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| An amount would *not* appear opposite the Withdrawals account in which of the following work sheet columns?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Trial Balance |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Adjusted Trial Balance |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Income Statement |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Balance Sheet |  | | |

**18.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Which of the following accounts most likely would have an amount contained in the Income Statement columns of a work sheet but not in Balance Sheet columns of work sheet?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Owner's Capital |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Property Taxes Payable |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Withdrawals |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Office Supplies Expense |  | | |

**19.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Omitting key letters in the work sheet would make which of the following difficult?   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. The preparation of the closing entries |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Crossfooting to the next set of columns |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. The preparation of the financial statements |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. The preparation of the adjusting entries |  | | |

**20.**

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Preparing the work sheet   |  |  |  | | --- | --- | --- | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. provides a mechanism for applying the periodicity concept. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. is done rather than preparing financial statements. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. provides a mechanism for applying the going concern concept. |  | | | |  |  | | --- | --- | | http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. All of these choices. |  | | |

**ANSWER KEY**   
  
**1**True  
**2**False  
**3**False  
**4**False  
**5**False  
**6**False  
**7**True  
**8**b  
**9**d  
**10**a  
**11**b  
**12**b  
**13**b  
**14**d  
**15**c  
**16**b  
**17**c  
**18**d  
**19**d  
**20**a