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

**1.**

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| Closing entries result in the transfer of net income or net loss into the owner's Capital account.Top of Form

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| --- | --- | --- | --- |
|  a. True |  |  b. False |  |

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Bottom of Form |

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**2.**

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| Income Summary is closed with a debit to Income Summary and a credit to the Withdrawals account.Top of Form

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|  a. True |  |  b. False |  |

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Bottom of Form |

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**3.**

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| The Income Summary account appears in the income statement.Top of Form

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|  a. True |  |  b. False |  |

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Bottom of Form |

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**4.**

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

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|  a. True |  |  b. False |  |

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Bottom of Form |

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**5.**

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| The adjusting entries involving Depreciation Expense-Buildings and Supplies Expense could be reversed.Top of Form

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|  a. True |  |  b. False |  |

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Bottom of Form |

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**6.**

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

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|  a. True |  |  b. False |  |

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Bottom of Form |

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**7.**

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

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|  a. True |  |  b. False |  |

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Bottom of Form |

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**8.**

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| Preparation of closing entries

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. is an optional step in the accounting cycle. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. assist in achieving periodicity and accrual accounting. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. is the first step after posting to the general ledger. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. All of these choices. |  |

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**9.**

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| Which of the following could *not* possibly be a closing entry?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Debit owner's Capital and credit Withdrawals |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Debit Income Summary and credit owner's Capital |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Debit owner's Capital and credit Income Summary |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Debit Income Summary and credit Withdrawals |  |

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**10.**

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| Under which circumstance would one less closing entry than usual be made?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. When net income is zero |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. When a net loss has been suffered |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. When withdrawals by the owner are equal to net income for the period |  |

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| 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 |  |

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**11.**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 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 | 1,8001,700 | 3,500\_\_\_\_\_ |
|  | 3,500 | 3,500 |

The entry to close Income Summary is

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Landry, Capital                             1,700                     Income Summary                              1,700 |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Income Summary                         1,700                     Landry, Capital                                 1,700 |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Income Summary                          3,500                     Landry, Capital                                3,500 |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Landry, Withdrawal                        1,800                     Income Summary                              1,800 |  |

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**12.**

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| Which of the following accounts would *not*be closed?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Design Revenue |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Accumulated Depreciation - Equipment |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Interest Expense |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Interest Income |  |

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**13.**

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| A reversing entry is acceptable for which of the following?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Allocation of prepaid rent to the current period |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Accrual of interest expense |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Correction of an error |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Depreciation of building |  |

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**14.**

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| Which of the following entries could *not* be a legitimate reversing entry?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Debit Fees Earned and credit Accounts Receivable |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Debit Interest Payable and credit Interest Expense |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Debit Wages Payable and credit Wages Expense |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Debit Interest Receivable and credit Interest Income |  |

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**15.**

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| A reversing entry could include a

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. credit to a revenue account. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. debit to an expense account. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. debit to a revenue account. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. debit or a credit to Cash. |  |

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**16.**

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| On the work sheet, under what circumstances will the last two columns be in balance after the *initial*footing?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Under no circumstances |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. When net income is zero |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Under all circumstances, assuming no arithmetical errors have been made |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. When no adjustments have been entered on the work sheet |  |

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**17.**

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| An amount would *not* appear opposite the Withdrawals account in which of the following work sheet columns?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Trial Balance |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Adjusted Trial Balance |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Income Statement |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Balance Sheet |  |

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**18.**

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| 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?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. Owner's Capital |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Property Taxes Payable |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. Withdrawals |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. Office Supplies Expense |  |

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**19.**

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| Omitting key letters in the work sheet would make which of the following difficult?

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. The preparation of the closing entries |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. Crossfooting to the next set of columns |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. The preparation of the financial statements |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. The preparation of the adjusting entries |  |

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**20.**

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| Preparing the work sheet

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifa. provides a mechanism for applying the periodicity concept. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifb. is done rather than preparing financial statements. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifc. provides a mechanism for applying the going concern concept. |  |

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| http://west.instructor.cengagenow.com/media/img/MC_circle16x16_cut.gifd. All of these choices. |  |

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**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