

Assets, Liabilities, and Owner's Equity

EXAMINATION NUMBER:

98610100

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Questions 1–20: Select the one best answer to each question.

Use the following information to answer questions 1–3.

Listed below are ledger account titles and account balances, as of May 1, for the Platt Hardware Store. Prepare a Chart of Accounts for the store using Exam Figure 1.

Accounts Payable—Bellhaven Bank—\$5,000
 P. Woodsley, Capital—\$5,256.82
 Cash—\$4,056.82
 Prepaid Insurance—\$500
 Accounts Payable—Taylor Investments—\$3,700
 Equipment—Store—\$4,500
 Equipment—Office—\$4,400
 Supplies—\$500

PLATT HARDWARE STORE CHART OF ACCOUNTS		
Division 1	Asset Accounts	11–19
Division 2	Liability Accounts	21–29
Division 3	Owner's Equity Accounts	31–39
(1) ASSETS		
11		
12		
13		
14		
15		
(2) LIABILITIES		
21		
22		
23		
24		
(3) OWNER'S EQUITY		
31		

EXAM FIGURE 1

Using your completed Chart of Accounts, choose the one correct answer.

1. The assets division should contain what accounts?

- A.** 11 P. Woodsley, Capital
12 Equipment—Store
13 Equipment—Office
14 Cash
15 Accounts Payable—Taylor Investments
- B.** 11 Accounts Payable—Bellhaven Bank
12 Equipment—Store
13 Equipment—Office
14 P. Woodsley, Capital
15 Cash
- C.** 11 Cash
12 Equipment—Store
13 Equipment—Office
14 Prepaid Insurance
15 Accounts Payable—Taylor Investments
- D.** 11 Cash
12 Prepaid Insurance
13 Equipment—Store
14 Equipment—Office
15 Supplies

2. The liabilities division should contain what accounts?
 - A. 21 Accounts Payable—Bellhaven Bank
22 P. Woodsley—Capital
 - B. 21 Accounts Payable—Bellhaven Bank
22 Accounts Payable—Taylor Investments
 - C. 21
22
 - D. 21 Accounts Payable—Bellhaven Bank
22 Merchant's Bank

3. The owner's equity division should contain what account(s)?
 - A. 31 P. Woodsley—Capital
 - B. 31 P. Woodsley—Capital
32 Merchant's Bank
 - C. 31 Merchant's Bank
32 P. Woodsley—Capital
 - D. 31
32

Use the following information to answer questions 4–11.

Analyze and prepare journal entries for the following transactions on the form provided in Exam Figure 2. Pencil-foot the debit and credit columns.

- (A) 5/1—Purchased a new calculator for the office for \$690 on account from J. C. Hollings, Inc., memo 3.
- (B) 5/2—Purchased \$3,500 of equipment for the store on account from Craft Bank, memo 4.
- (C) 5/4—Paid cash, \$42.92, for supplies, check 4.
- (D) 5/5—Paid cash, \$1,000, to Bellhaven Bank for amount owed on account, (check 5).

4. You record the debit entry for transaction (A) 5/1 in the journal as

	Date	Description	Debit	Credit
A.	May 1	Equipment—Office	690.00	
B.	May 1	Equipment—Office		690.00
C.	May 1	Calculator	690.00	
D.	May 1	A/P—J. C. Hollings, Inc.	690.00	

5. You record the credit entry for transaction (A) 5/1 in the journal as

	Date	Description	Debit	Credit
A.	May 31	J. C. Hollings, Inc.	690.00	
B.	May 1	J. C. Hollings, Inc.	690.00	
C.	May 1	A/P—J. C. Hollings, Inc.		690.00
D.	May 1	Creditor		690.00

JOURNAL										PAGE <i>J1</i>									
DATE			ACCOUNT TITLE			DOC. NO.	P.R.	DEBIT					CREDIT						

EXAM FIGURE 2

6. You record the debit entry for transaction (B) 5/2 in the journal as

	Date	Description	Debit	Credit
A.	May 2	A/P—Craft Bank		3,500.00
B.	May 2	A/P—Craft Bank	3,500.00	
C.	May 2	Equipment—Store	3,500.00	
D.	May 2	Merchandise		3,500.00

7. You record the credit entry for transaction (B) 5/2 in the journal as

	Date	Description	Debit	Credit
A.	May 2	A/P—Craft Bank	3,500.00	
B.	May 2	A/P—Craft Bank		3,500.00
C.	May 2	Merchandise		3,500.00
D.	May 2	Equipment—Store	3,500.00	

8. The account titles for transaction (C) 5/4 should appear in the Account Title column of the journal entry as

- A.** Supplies
Cash
- B.** Equipment—Store
P. Woodsley—Capital
- C.** Cash
Equipment—Store
- D.** P. Woodsley, Capital
Cash

9. The account titles for transaction (D) 5/5 should appear in the Account Title column of the journal entry as

- A.** Merchant's Bank
Equipment—Store
- B.** Cash
Equipment—Store
- C.** A/P—Bellhaven Bank
Cash
- D.** Inventory—Merchandise
P. Woodsley—Capital

10. Assuming that you're recording the transactions on the first page of the journal, the page entry at the top right side of the journal should be

- A.** One.
- B.** J.
- C.** J1.
- D.** 2.

11. Posting references on the journal should be

- A.** made when journalizing.
- B.** entered when the journal is totaled.
- C.** entered when posting to the ledger.
- D.** entered in alphabetical order.

Use the following information to answer questions 12–20.

First, add Accounts Payable—J. C. Hollings and Accounts Payable—Craft Bank from the transactions prepared in Exam Figure 2 to the chart of accounts in Exam Figure 1. Next, open all ledger accounts using the form in Exam Figure 3. Then, post the journal entries from Exam Figure 2 to the ledger accounts and balance each ledger account. Be sure to post the balance of each account (from page 13 of the exam) before you post the transactions you just journalized.

12. After posting the journal entries to the ledger, what is the balance of the Cash account?
 - A. Debit \$4,056.82
 - B. Credit \$3,013.90
 - C. Credit \$1,042.92
 - D. Debit \$3,013.90
13. After posting the journal entries to the ledger, what is the balance of the Equipment—Store account?
 - A. Debit \$4,500
 - B. Credit \$1,500
 - C. Debit \$8,000
 - D. Credit \$4,500
14. On May 3, what is the balance of the Equipment—Office account?
 - A. Debit \$5,090
 - B. Debit \$690
 - C. Debit \$4,400
 - D. Credit \$5,090
15. What is the balance of the Accounts Payable—Bellhaven Bank account?
 - A. Debit \$1,000
 - B. Debit \$4,000
 - C. Credit \$5,000
 - D. Credit \$4,000
16. After posting the journal entries to the ledger, what is the balance of the Supplies account?
 - A. Debit \$500
 - B. Debit \$542.92
 - C. 0
 - D. Credit \$542.92
17. After posting the journal entries to the ledger, what is the balance of the Accounts Payable—Craft Bank account?
 - A. 0
 - B. Credit \$3,500
 - C. Debit \$3,500
 - D. Credit 0
18. After posting the journal entries to the ledger, the opening balance of the P. Woodsley—Capital account was
 - A. increased.
 - B. decreased.
 - C. unchanged.
 - D. deleted.

19. What entry do you make in the Post Ref. column of the ledger to show that you posted the transactions from the journal?

- A. 1
- B. J1
- C. Leave it blank
- D. 11

20. Asset accounts are increased by

- A. entries to the debit side of the account.
- B. crediting a liability account.
- C. entries to the right side of the account.
- D. adding a credit entry to the account's normal balance.

GENERAL LEDGER															
ACCOUNT										ACCOUNT NO.					
DATE 20—	ITEM	P.R.	DEBIT				DATE 20—	ITEM	P.R.	CREDIT					

ACCOUNT										ACCOUNT NO.					
DATE 20—	ITEM	P.R.	DEBIT				DATE 20—	ITEM	P.R.	CREDIT					

EXAM FIGURE 3

GENERAL LEDGER																	
ACCOUNT										ACCOUNT NO.							
DATE 20—	ITEM	P.R.	DEBIT				DATE 20—	ITEM	P.R.	CREDIT							

ACCOUNT										ACCOUNT NO.							
DATE 20—	ITEM	P.R.	DEBIT				DATE 20—	ITEM	P.R.	CREDIT							

ACCOUNT										ACCOUNT NO.							
DATE 20—	ITEM	P.R.	DEBIT				DATE 20—	ITEM	P.R.	CREDIT							

ACCOUNT										ACCOUNT NO.							
DATE 20—	ITEM	P.R.	DEBIT				DATE 20—	ITEM	P.R.	CREDIT							

EXAM FIGURE 3—Continued

GENERAL LEDGER															
ACCOUNT										ACCOUNT NO.					
DATE 20—		ITEM	P.R.	DEBIT				DATE 20—		ITEM	P.R.	CREDIT			

ACCOUNT										ACCOUNT NO.					
DATE 20—		ITEM	P.R.	DEBIT				DATE		ITEM	P.R.	CREDIT			

ACCOUNT										ACCOUNT NO.					
DATE 20—		ITEM	P.R.	DEBIT				DATE		ITEM	P.R.	CREDIT			

ACCOUNT										ACCOUNT NO.					
DATE 20—		ITEM	P.R.	DEBIT				DATE		ITEM	P.R.	CREDIT			

EXAM FIGURE 3—Continued

