

## Revenue, Expenses, and Trial Balance

EXAMINATION NUMBER:

**98610200**

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When you feel confident that you have mastered the material in *Revenue, Expenses, and Trial Balance*, go to

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

We based questions 1–8 on the following material and on the information you prepared for the Platt Hardware Store from the examination in *Assets, Liabilities, and Owner's Equity*.

Analyze the following transactions. Determine the accounts, classifications, and changes involved in the transaction, as shown in the following example.

Paid \$20.00 in cash for office cleaning.

	Account	Classification	Increase	Decrease
Debit	<u>Off. Clean.</u>	<u>Expense</u>	<u>✓</u>	<u>        </u>
Credit	<u>Cash</u>	<u>Asset</u>	<u>        </u>	<u>✓</u>

(A) 5/8—Paid telephone bill of \$154.32 with cash (check 106).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(B) 5/9—Paid \$15.00 in cash for office cleaning (check 107).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(C) 5/10—Received cash for weekly Fees Earned of \$1,532.94 (tape 1).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(D) 5/11—Made \$500.00 payment to Bellhaven Bank, (check 108).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(E) 5/14—Paid cash of \$1,000.00 for rent for month of May (check 109).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(F) 5/15—Received cash of \$1,385.03 for weekly Fees Earned (tape 2).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(G) 5/16—Paid \$15.93 in cash for auto repairs (check 110).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

(H) 5/17—Paid \$430.00 cash to owner for personal use (check 111).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

- (I) 5/18—Paid cash of \$100.00 for cleaning the office (check 112).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

- (J) 5/23—Paid \$253.00 cash to the *Daily News* newspaper for advertising (check 113).

	<b>Account</b>	<b>Classification</b>	<b>Increase</b>	<b>Decrease</b>
Debit	_____	_____	_____	_____
Credit	_____	_____	_____	_____

- In transaction (A) on 5/8, the Cash account is an
  - asset account, which increases.
  - expense account, which decreases.
  - expense account, which increases.
  - asset account, which decreases.
- In transaction (C) on 5/10, the Fees Earned account is a(n)
  - expense account, which increases.
  - revenue account, which increases.
  - revenue account, which decreases.
  - asset account, which decreases.
- The A/P—Bellhaven Bank account and the Cash account in transaction (D) on 5/11
  - both increase.
  - decrease and increase respectively.
  - increase and decrease respectively.
  - both decrease.
- In transaction (E) on 5/14, the account that will increase is the
  - Cash account, which is an asset account.
  - Rent Expense account, which is an expense account.
  - Rent Expense account, which is an asset account.
  - Cash account, which is an expense account.
- The two accounts that change because of transaction (G) on 5/16 are
  - Auto Expense and Cash.
  - Equipment and Cash.
  - Auto Expense and Auto Repair.
  - Equipment and Owner's Equity.



Journal

PAGE

	DATE		Account Title	Doc.	P. R.	DEBIT				CREDIT				
				No.										
1														1
2														2
3														3
4														4
5														5
6														6
7														7
8														8
9														9
10														10
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28														28
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30														30
31														31
32														32
33														33
34														34
35														35

ACCOUNT Cash				ACCOUNT NO. 11													
DATE 20—	ITEM	P.R.	DEBIT					DATE	ITEM	P.R.	CREDIT						
May 5	Balance	J1	3	0	1	3	90										

ACCOUNT Prepaid Insurance				ACCOUNT NO. 12													
DATE 20—	ITEM	P.R.	DEBIT					DATE	ITEM	P.R.	CREDIT						
May 5	Balance	J1		5	0	0	00										

ACCOUNT Equipment—Store				ACCOUNT NO. 13													
DATE 20—	ITEM	P.R.	DEBIT					DATE	ITEM	P.R.	CREDIT						
May 5	Balance	J1	8	0	0	0	00										

ACCOUNT Equipment—Office										ACCOUNT NO. 14										
DATE 20—		ITEM	P.R.	DEBIT						DATE		ITEM	P.R.	CREDIT						
May	5	Balance	J1	5	0	9	0	00												

ACCOUNT Supplies										ACCOUNT NO. 15										
DATE 20—		ITEM	P.R.	DEBIT						DATE		ITEM	P.R.	CREDIT						
May	5	Balance	J1	5	4	2	92													

ACCOUNT A/P—Bellhaven Bank										ACCOUNT NO. 21										
DATE		ITEM	P.R.	DEBIT						DATE		ITEM	P.R.	CREDIT						
										May	5	Balance	J1	4	0	0	0	00		

ACCOUNT A/P—Taylor Investments										ACCOUNT NO. 22								
DATE		ITEM	P.R.	DEBIT					DATE 20—		ITEM	P.R.	CREDIT					
										May 5	Balance	J1		3	7	0	0	00

ACCOUNT A/P—J. C. Holling's Inc.										ACCOUNT NO. 23								
DATE		ITEM	P.R.	DEBIT					DATE 20—		ITEM	P.R.	CREDIT					
										May 5	Balance	J1			6	9	0	00

ACCOUNT A/P—Craft Bank										ACCOUNT NO. 24								
DATE		ITEM	P.R.	DEBIT					DATE 20—		ITEM	P.R.	CREDIT					
										May 5	Balance	J1		3	5	0	0	00

ACCOUNT P. Woodsley, Capital					ACCOUNT NO. 31											
DATE		ITEM	P.R.	DEBIT			DATE		ITEM	P.R.	CREDIT					
								May 5	Balance			5	2	5	6	82

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

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

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

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

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





**We based questions 16–20 on the trial balance, which you’ll prepare using the form on the previous page. First, prepare a trial balance as of May 31, 20—. Then answer questions 16–20.**

16. Which of the following is the correct heading for the trial balance?
- A. Platt Hardware Store  
May 31, 20—  
Trial Balance
  - B. Trial Balance  
May 31, 20—  
Platt Hardware Store
  - C. Platt Hardware Store  
Trial Balance  
For the period ending May 31, 20—
  - D. Platt Hardware Store  
Trial Balance  
As of May 31, 20—
17. Which of the following best describes the trial balance?
- A. It’s a list of all the debit balances and credit balances in the ledger.
  - B. It has the same information in it as the balance sheet.
  - C. It’s prepared after the balance sheet.
  - D. It’s the final statement prepared before closing the books.
18. What is the balance of both the debit and the credit columns in the trial balance?
- A. \$19,564.79
  - B. \$19,554.79
  - C. \$18,357.82
  - D. \$18,552.82
19. The accounts listed on the trial balance with a credit balance include
- A. liability, owner’s capital, and revenue accounts.
  - B. asset, liability, and owner’s capital accounts.
  - C. owner’s capital, revenue, and expense accounts.
  - D. liability, owner’s capital, and expense accounts.
20. Revenue and expense accounts are considered temporary accounts because they
- A. are used only once in a while.
  - B. are closed out periodically.
  - C. represent the asset and liability accounts.
  - D. are used when preparing the balance sheet.

