**NEW YORK STATE FBLA**

**ACCOUNTING I**

**2013**

**PLEASE DO NOT OPEN THIS TEST UNTIL DIRECTED TO DO SO**

Test Directions

1. Complete the information requested on the answer sheet.

**PRINT YOUR NAME** on the “Name” line.

**PRINT** the name of the event, **ACCOUNTING I** on the “Subject” line.

**PRINT** the name of your **CHAPTER** on the “DATE” line.

1. All answers will be recorded on the answer sheet.

Please do not write on the test booklet.

Scrap paper will be provided.

1. Read each question completely before answering. With a **NO. 2 pencil**, blacken in your choices completely on the answer sheet. Do not make any other marks on the answer sheet, or the scoring machine will reject it.
2. You will be given 60 minutes for the test. You will be given a starting signal and a signal after 50 minutes have elapsed.

**Tie will be broken using the last 10 questions of the test.**

1. Which of the following equations properly represents a derivation of the fundamental accounting equation?
2. Assets + Liabilities = Owner’s Equity
3. Assets = Owner’s Equity
4. Cash = Assets
5. Assets - Liabilities = Owner’s Equity
6. Which of these items would be accounted for as an expense?
7. Repayment of a bank loan
8. Dividends made to stockholders
9. The purchase of land
10. Payment of the current period’s rent
11. Which of the following would not be included on a balance sheet?
12. Accounts Receivable
13. Accounts Payable
14. Sales
15. Cash
16. ABC Corporation provided the following information about its balance sheet:

Cash    $10,500                                  
Accounts Receivable $2,200  
Stockholder’s Equity $50,600  
Land $15,400  
Prepaid Insurance $1,050  
Supplies $750

Based on the information provided, how much are ABC’s liabilities?

1. $29,900
2. $50,600
3. $20,600
4. $20,700
5. Which of the following would be reported on the income statement?
6. Prepaid Rent
7. Rent Expense
8. Accrued Rent
9. Rent Payable
10. Which of the following is not considered an asset?
11. Loan from K. Harris
12. Debtors
13. Buildings
14. Cash balance

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| 1. Which of the following is a liability? 2. Machinery 3. Motor Vehicles 4. Cash in the Bank 5. Creditors for goods purchased 6. Which of the following is *incorrect*?  |  |  |  |  | | --- | --- | --- | --- | |  | Assets | Liabilities | Capital | | A. | $7850 | $1250 | $6600 | | B. | $8200 | $2800 | $5400 | | C. | $9550 | $1150 | $8200 | | D. | $6540 | $1120 | $5420 |  1. Which of the following best describes the meaning of purchases? 2. Items bought 3. Goods bought for resale 4. Goods paid for 5. Goods bought on credit 6. Which of the following should not be called “sales” 7. Office fixtures sold 8. Sales of item previously included in purchases 9. Goods sold for cash 10. Goods sold on credit 11. Given the following information, what is the amount of capital?   Assets $20,000, Accounts Receivable $2,500, Accounts Payable $14,000, Inventory $13,000   1. $21,500 2. $35,500 3. $14,000 4. $20,000 5. Which of the following is correct? 6. Profit increases capital 7. Profit does not alter capital 8. Capital can only come from profit 9. Profit reduces capital 10. Which of the following best describes a trial balance? 11. Shows all the entrees in the books 12. It is a list of balances on the books 13. It is a special account 14. Shows the financial position of a business 15. Is it true that a trial balance should agree? 16. Yes, except where the trial balance is extracted at the year end 17. No, because it is not a balance sheet 18. No, there are sometimes good reasons why they will differ 19. Yes, always 20. Which of the following statements is correct?  |  |  |  |  | | --- | --- | --- | --- | |  |  | Effect Upon | | |  |  | Assets | Liabilities | | A. | We paid a creditor by check | Decrease Cash | Increase Accounts Payable | | B. | A debtor paid us $900 in cash | Increase Cash | Increase Accounts Receivable | | C. | J. Hall lends us $500 by check | Increase Cash | Increase Loans Payable | | D. | We bought goods on credit | Decrease Cash | Increase Capital |  1. Which of the following is/are correct?  |  |  |  |  | | --- | --- | --- | --- | |  |  | *Account to be Debited* | *Account to be Credited* | | 1. | Bought office furniture for cash | Office Furniture | Cash | | 2. | A debtor, makes a payment on account | Cash | Accounts Receivable | | 3. | The owner makes an investment with cash | Capital | Cash | | 4. | Paid a creditor with cash | Capital | Cash |  1. 1 and 2 are correct 2. 1 and 4 are correct 3. 1 and 3 are correct 4. Only 1 is correct 5. Carr Hardware has total assets of $75,000. What are the total assets if new baking equipment is purchased for $10,000 cash?  A. $85,000  B. $65,000  C. $10,000  D. $75,000 6. Which of the following sequence of actions describes the proper order in the accounting cycle?  A. Journalize, post, close, prepare financial statements, adjust, and analyze transactions.  B. Prepare financial statements, journalize, post, adjust, analyze transactions, close.  C. Analyze transactions, journalize, post, adjust, prepare financial statements, and close.  D. Post, close, prepare financial statements, adjust, analyze transactions, and journalize. 7. Items owned by the business such as land, supplies, and equipment are its:  A. assets.  B. liabilities.  C. owner's equity.  D. revenue. 8. The difference between the balance of a fixed asset account and the related accumulated depreciation account is termed:  A. liability.  B. contra asset.  C. book value.  D. market value. 9. Ellen's Bakery collects $3,500 of its account receivables. The expanded accounting equation changes include:  A. Cash and Ellen, Capital increases, $3,500  B. Cash and Revenue increases, $3,500  C. Cash increases and Accounts Receivable decreases, $3,500  D. Accounts Receivable decreases and Ellen, Capital increases, $3,500 10. A $600 check written for supplies was journalized as $60. The entry to correct this error is:  A. debit Supplies, $540; credit Cash, $540  B. debit Cash, $540; credit Supplies, $540  C. debit Supplies, $60; credit Cash, $60  D. debit Cash, $60; credit Cash, $60 11. On which financial statement would you find Salaries Expense?  A. Income Statement  B. Balance Sheet  C. Statement of Owner's Equity  D. It does not appear on a financial statement 12. Residual value is the A. value of the asset when it is purchased.  B. value of the asset at the end of its useful life.  C. cost of the asset.  D. allocation of the cost. 13. What is true about Insurance Expense?  A. It contains the amounts for both unexpired and expired insurance B. It contains the amount of expired insurance only C. It contains the amount of unexpired insurance only D. All of the above are true 14. Which type of account would NOT be reported on the income statement?  A. Revenue  B. Expenses  C. Withdrawals  D. None of the above 15. In the normal accounting cycle the  A. financial statements are prepared after the adjusting entries are posted.  B. financial statements are prepared before the adjusting entries are posted.  C. adjusting and closing entries are journalized before the financial statements are prepared.  D. post-closing trial balance is prepared before the closing entries are posted. 16. Which of the following is most likely to result in an adjusting entry at the end of the period?  A. Payment of two months' insurance in advance.  B. Payment of one month's rent.  C. Owner's withdrawals.  D. Payment for routine maintenance on the company van.   29. Motel 10 received and paid a utility bill for $550 for the month of November. This transaction will:  A. increase Cash $550 and increase Utility Expense $550.  B. decrease Cash $550 and increase Utility Expense $550.  C. increase Cash $550 and decrease Utility Expense $550.  D. increase expenses and decrease withdrawals.   30. Amy flew to Philadelphia on a business trip. The purchase price of the ticket was $400 on account. The entry to record the transaction is:  A. debit Accounts Payable, $400; credit Travel Expense, $400.  B. debit Travel Expense, $400; credit Accounts Payable, $400.  C. debit Capital, $400; credit Accounts Payable, $400.  D. debit Travel Expense, $400; credit Cash, $400.   31. C. Miller Service purchased a microscope for $1,500. It has an expected life of 30 months and no residual value. The adjusting journal entry for the month is:  A. debit Depreciation Expense $50, credit Accumulated Depreciation $50.  B. debit Depreciation Expense $500, credit Accumulated Depreciation $500.  C. debit Accumulated Depreciation $50, credit Depreciation Expense $50.  D. debit Accumulated Depreciation $500, credit Equipment $500.   32. A contra asset is  A. in reality an expense.  B. an asset with a debit balance.  C. an asset account with a credit balance.  D. an account that increases the asset.  33. Which of the following accounting cycle steps comes after the others?  A. Preparing the financial statements  B. Journalizing and posting closing entries  C. Preparing the worksheet D. Journalizing and posting adjusting entries  34. What is an advantage of a sole proprietorship form of business?  A. Limited personal risk B. Can continue indefinitely  C. Owner makes all the decisions  D. All of the above  35. Susan Mitchell Law Firm purchases $1,000 worth of office equipment on account. This causes:  A. Cash and Mitchell, Capital to decrease by $1,000.  B. Office Equipment and Accounts Payable to increase by $1,000.  C. Office Equipment to decrease and Accounts Payable to increase by $1,000.  D. Accounts Payable to increase and Mitchell, Capital to decrease by $1,000.   36. The Income Statement credit column of the worksheet showed the following revenues: Catering Fees $900 and Cleaning Fees $850. The journal entry to close the revenue accounts is  A. debit Income Summary $1,750; credit Catering Fees $900 and Cleaning Fees $850.  B. debit Catering Fees $900 and Cleaning Fees $850; credit Income Summary $1,750.  C. debit all Revenues $1,750; credit Income Summary $1,750.  D. none of the above.   37. A debit may signify a(n)  A. decrease in asset accounts.  B. decrease in liability accounts.  C. increase in the capital account.  D. decrease in expense accounts.   38. Which of the following is prepared first?  A. Balance Sheet  B. Income Statement  C. Statement of Owner's Equity  D. Trial Balance   39. Carmen's catered a reception. The total price was $1,200. The customer paid $200 cash and charged the remainder. The journal entry to record this transaction is:  A. debit Cash $200 and Accounts Receivable $1,000; credit Catering Service Fees $1,200.  B. debit Cash $200; credit Accounts Receivable $200.  C. debit Cash $1,000 and Accounts Receivable $200; credit Catering Service Fees $1,200.  D. debit Accounts Receivable $1,200; credit Cash $200 and Catering Service Fees $1,000.  40. An account is said to have a debit balance if  A. the amount of the debits exceeds the amount of the credits.  B. there are more entries on the debit side than on the credit side.  C. its normal balance is debit without regard to the amounts or number of entries on the debit side.  D. the last entry of the accounting period was posted on the debit side.  41. Sun Glow Glass estimated depreciation for office equipment is $100. The adjusting entry would include:  A. a credit to Accumulated Depreciation for $100.  B. a credit to Depreciation Expense for $100.  C. a debit to Accumulated Depreciation for $100  D. a credit to Office Equipment for $100.   42. Adjusting journal entries are prepared from: A. source documents.  B. the balance sheet.  C. the income statement.  D. the adjustment columns of the worksheet.   43. When the balance of the Income Summary account is a credit, the entry to close this account is:  A. debit Capital, credit Income Summary.  B. debit Income Summary, credit Revenue.  C. debit Income Summary, credit Capital.  D. debit Revenue, credit Income Summary.   44. Which of the following accounts would be considered a temporary account?  A. Revenue.  B. Assets.  C. Liabilities.  D. Owner's Equity.   45. A corporation is a business which is:  A. easy to form.  B. ends with the death of a stockholder.  C. owned by stockholders.  D. none of the above.   46. The entry to record the payment of office salaries would be:  A. debit to Cash, credit to Accounts Receivable.  B. debit to Cash, credit to Salaries Expense.  C. debit to Salaries Expense, credit to Accounts Payable.  D. debit to Salaries Expense, credit to Cash.  47. Net profit is calculated in the:  A. Trial Balance B. Balance Sheet C. Income Statement D. Statement of Cash Flows  48. Which of the following best describes a balance sheet?  A. A statement of assets B. A listing of all account balances C. A record of closing entries D. Balances in assets, liabilities, and equity accounts  49. Which of these best describes fixed assets?  A. are of long life and are not bought specifically for resale B. are expensive items bought for the business C. are items which will not wear out quickly D. are bought to be used in the business and then sold for a profit  50. When depositing money into your checking account, you should always use a:  A. signature card. B. check. C. deposit slip. D. bank statement.  51. Debt and obligations of a business are referred to as   1. assets. 2. equities. 3. liabilities. 4. expenses.   52. An income statement   1. summarizes the changes in cash for a specific period of time. 2. reports all of the transactions with stockholders during a specific period of time. 3. reports the assets, liabilities, and equity at a specific date. 4. reports the revenues and expenses for a specific period of time.   53. A debit to an asset account indicates a(n)   1. error 2. credit was made to a liability account 3. decrease in an asset 4. increase in an asset   54. Posting   * 1. transfers ledger transaction data to the journal.   2. normally occurs before journalizing.   3. transfers journal entries to the ledger accounts.   4. enters transaction data in the journal.   55. Which of the following correctly identifies normal balances of accounts?  A. Assets Debit  Liabilities Credit   Capital Credit  Revenues Debit  Expenses Credit  B. Assets Debit  Liabilities Credit  Capital Credit  Revenues Credit  Expenses Credit  C. Assets Credit  Liabilities Debit  Capital Debit  Revenues Credit  Expenses Debit  D. Assets Debit  Liabilities Credit  Capital Credit  Revenues Credit  Expenses Debit  56. A post-closing trial balance will show   * 1. zero balances for all accounts.   2. zero balances for all balance sheet accounts.   3. zero balances for all income statement accounts.   4. None of the above.   57. Which of the following would NOT result in unearned revenue?   * 1. Rent collected in advance from tenants   2. Services performed on account   3. Sale of season tickets to football games   4. Sale of two-year magazine subscriptions   58. Which of the following items on a bank reconciliation would require an adjusting entry on the company’s books?   1. An error by the bank 2. Outstanding checks 3. A bank service charge 4. A deposit in transit   59. Jansen Company gathered the following reconciling information in preparing its April bank reconciliation:  Cash balance per books, 4/30 $2,200 Deposits in transit $300 Notes receivable and interest collected by bank $740 Bank charge for check printing $25 Outstanding checks $1,500 NSF check $ 140  The adjusted cash balance per books on April 31 is   * 1. $3,075.   2. $2,940.   3. $2,775.   4. $3,055.   60. Deposits in transit   * 1. have been recorded on the company's books but not yet by the bank.   2. have been recorded by the bank but not yet by the company.   3. have not been recorded by either the bank or the company.   4. are customers’ checks that have not yet been received by the company.   61. Journalize the following transaction: On January 2, ABC Company purchases a 6 month insurance policy for $1200 – check no. 114.   |  |  |  | | --- | --- | --- | | A. Cash  Prepaid Insurance | 1200 | 1200 | | 1. Prepaid Insurance   Cash | 1200 | 1200 | | 1. Insurance Expense   Accounts Payable | 1200 | 1200 | | 1. Insurance Expense   Cash | 200 | 200 |   62. What is the proper closing entry to close out Income Summary that has a $2750 credit balance?   |  |  |  |  | | --- | --- | --- | --- | | A. | Income Summary  Capital | 2750 | 2750 | | B. | Capital  Income Summary | 2750 | 2750 | | C. | Net Income  Capital | 2750 | 2750 | | D. | Capital  Drawing | 2750 | 2750 |   63. The procedure for arranging accounts in a general ledger, assigning account numbers, and keeping records current is called:   1. Accounting 2. Financial Accounting 3. File Maintenance 4. Bookkeeping   64. You discovered that an advertising expense incurred on account in the amount of $250 was incorrectly recorded as a debit to Utilities Expense and a credit to Accounts Payable. What would be the proper correcting entry for this transaction?   |  |  |  |  | | --- | --- | --- | --- | | A. | Miscellaneous Expense  Capital | 250 | 250 | | B. | Advertising Expense  Accounts Payable | 250 | 250 | | C. | Utilities Expense  Advertising Expense | 250 | 250 | | D. | Advertising Expense  Utilities Expense | 250 | 250 |   65. An endorsement on a check that indicates a new owner of the check is called a:  A. restrictive endorsement B. blank endorsement C. special endorsement D. transfer endorsement  66. What is the proper entry to replenish petty cash given the following data: Miscellaneous Expense is $50, Advertising Expense is $25, Cash in Drawer is $25:   |  |  |  |  | | --- | --- | --- | --- | | A. | Miscellaneous Expense  Advertising Expense  Petty Cash | 50  25 | 75 | | B. | Advertising Expense  Miscellaneous Expense  Cash  Petty Cash | 25  50 | 25  50 | | C. | Advertising Expense  Miscellaneous Expense  Cash | 25  50 | 75 | | D. | Advertising Expense  Miscellaneous Expense  Accounts Payable | 25  50 | 75 |   67. How much is the petty cash fund if you have $188 of cash remaining in the fund and $12 in petty cash slips?  A. $188 B. $12 C. $200 D. $212  68. A columnar accounting form used to summarize the general ledger information needed to prepare financial statements is called a  A. trial balance. B. worksheet. C. spreadsheet. D. ledger.  69. A business prepares an income state to report information about  A. expenses incurred during a given period of time. B. revenue received during a given period of time. C. the business’s assets, liabilities, and owner’s equity. D. profit the business has made for the year.  70. If a business paid cash for repairs to equipment, this would  A. increase owner’s equity. B. increase liabilities. C. decrease owner’s equity. D. decrease liabilities.  71. The right side of a t account is called the  A. debit side. B. increase side. C. normal balance side. D. credit side.  72. When an owner withdraws cash from the business, the owner’s drawing account is  A. increased by a debit. B. increased by a credit. C. decreased by a debit. D. decreased by a credit.  73. A federal tax used to pay benefits to unemployed workers is  A. SUTA. B. FUTA. C. FICA. D. Workers’ Compensation.  74. The total pay due for a pay period before deductions is called  A. gross earnings. B. gross pay. C. net pay. D. total earnings.  75. 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.  76. Recording purchases at their cost is an application of the accounting concept  A. going concern. B. accounting period cycle. C. objective evidence. D. historical cost.  77. Writing off an account A. decreases the balance of Accounts Receivable. B. decreases the balance of Uncollectible Accounts Expense. C. increases the balance of Allowance for Uncollectible Accounts. D. increases the balance of cash.  78. The amount of annual depreciation expense for a fax machine purchased for $700.00 with an estimated salvage value of $200 and a useful life of five years is  A. $100. B. $500. C. $200. D. $140.  79. Book value of a plant asset is original cost  A. plus accumulated depreciation. B. minus accumulated depreciation. C. plus salvage value. D. minus depreciation expense.  80. The recording of debit and credit parts of a transaction is called A. double-entry accounting. B. single-entry accounting. C. accounting. D. none of the above.  81. Words in accounting are  A. written in full when space permits. B. abbreviated wherever possible. C. printed rather than written. D. none of the above.  82. The formula for calculating the net income component percentage is  A. net income divided by total sales. B. total sales divided by total expenses. C. total sales minus total expenses divided by net income. D. none of the above.  83. Which of the following accounts has a normal debit balance? A. Accumulated Depreciation B. Mortgage Payable C. Prepaid Rent D. Paid-in Capital in Excess of Par  84. A sale for which cash will be received at a later date is a  A. cash sale. B. credit card sale. C. sale on account. D. deferred sale.  85. A business has the following expense accounts: 510 Advertising Expense, 520 Miscellaneous Expense, 530 Repairs Expense. A new account is needed for Utilities Expense. What would be an appropriate account number for this new account?  A. 500 B. 501 C. 515 D. 540  86. At the close of the fiscal year in June, Bernard’s Novelty had a cash balance of $8,000. What was the cash balance on July 31 if Bernard’s cash receipts for July were $15,526 and his disbursements were $12,200?  A. $3,326 B. $7,526 C. $11,326 D. $8,000  87. Adjusting entries are journal entries to update the ledger. Therefore, to adjust an account for depreciation expense, the bookkeeper will  A. debit the account and credit the related expense account.  B. debit the accumulated depreciation account and credit the depreciation expense account. C. debit the depreciation expense account and credit the accumulated depreciation account. D. debit the depreciation expense account and credit the owner’s equity account.  88. Which tax is paid by both employer and employee on the employee’s gross wages?  A. federal income tax B. state income tax C. state unemployment tax D. FICA tax  89. Which of the following accounts needs no closing entries?  A. Capital B. Fees Owed C. Sales D. Rent Expense  90. A store purchased a six-month insurance policy for $1,800 on September 1. Its fiscal period ended December 31. What is the amount of the adjustment, and what accounts are debited and credited on December 31?  A. $1,800; insurance expense debit and prepaid insurance credit  B. $1,200; insurance expense debit and prepaid insurance credit C. $600; insurance expense debit and prepaid insurance credit  D. $600; prepaid insurance debit and insurance expense credit  91. June earns $8.50 per hour. She is paid time and a half overtime for hours worked over 40. One week, she worked 42.5 hours. Her gross earnings for the week are  A. $375.00.  B. $371.88. C. $357.00.  D. $372.00.  92. Asset accounts from the worksheet are extended to the  A. income statement.  B. trial balance. C. balance sheet.  D. statement of owner’s equity.  93. If an error is discovered in a general journal entry,  A. cancel the error by drawing a neat line through the error. B. correct the entry by writing the correct item above the canceled error. C. do not erase the incorrect item. D. all of the above.  94. Debts that are not required to be paid within the next accounting period are called  A. wages. B. current liabilities. C. taxes. D. long-term liabilities.  95. A price reduction given to a customer would affect which account?  A. Capital  B. Sales allowance C. Purchase allowance  D. Purchase return  96. The best definition of assets is   * 1. the collection of resources owned by a company and the claims to these resources.   2. the debits of a company.   3. economic resources owned by a company that are expected to benefit future business periods.   4. economic resources contributed to the business by the owner.   97. In accounting, a prepaid expense   * 1. is an asset account amount.   2. means the same thing as the term expense.   3. is a liability account amount.   4. is all of the above.   98. Expecting a business to remain in operation indefinitely is a referral to the accounting concept   * 1. business entity.   2. going concern.   3. objective evidence.   4. consistent reporting.   99. The total of a one-column purchases journal is posted to the account(s)   * 1. Purchases.   2. Purchases and Sales.   3. Sales.   4. Purchases and Accounts Payable.   100. If Accounts Receivable has debits of $26,000, credits of $28,000, and an ending balance of $24,000, which of the following was its beginning balance?   * 1. $2,000   2. $24,000   3. $26,000   4. $50,000   ANSWER KEY   |  |  |  |  | | --- | --- | --- | --- | | 1. D | 26. C | 51. C | 76. D | | 2. D | 27. A | 52. D | 77. A | | 3. C | 28. A | 53. D | 78. A | | 4. D | 29. B | 54. C | 79. B | | 5. B | 30. B | 55. D | 80. A | | 6. A | 31. A | 56. C | 81. A | | 7. D | 32. C | 57. B | 82. A | | 8. C | 33. B | 58. C | 83. C | | 9. B | 34. C | 59. C | 84. C | | 10. A | 35. B | 60. A | 85. D | | 11. A | 36. B | 61. B | 86. C | | 12. A | 37. B | 62. A | 87. C | | 13. B | 38. D | 63. C | 88. D | | 14. D | 39. A | 64. D | 89. B | | 15. C | 40. A | 65. C | 90. B | | 16. A | 41. A | 66. C | 91. B | | 17. D | 42. D | 67. C | 92. C | | 18. C | 43. C | 68. B | 93. D | | 19. A | 44. A | 69. D | 94. D | | 20. C | 45. C | 70. C | 95. B | | 21. C | 46. D | 71. D | 96. C | | 22. A | 47. C | 72. A | 97. A | | 23. A | 48. D | 73. B | 98. B | | 24. B | 49. A | 74. B | 99. D | | 25. B | 50. C | 75. C | 100. C | |