

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

Before you answer any questions, prepare the following for the Platt Hardware Store using the forms provided.

- I. Worksheet (Use the information from the trial balance in Exam Figure 2. Write the worksheet information on the form in Exam Figure 1.) You'll need the following adjustment information:
 - a. P. Woodsley counted the supplies on May 31 and found that the supplies on hand were \$342.92.
 - b. On May 31, Mr. Woodsley checked the insurance records and found that the value of insurance coverage remaining was \$400.00.
- II. Income statement (Use the form in Exam Figure 3.)
- III. Balance sheet (Use the form in Exam Figure 4.)
- IV. Journalize adjusting and closing entries. (Use the form in Exam Figure 5.)
- V. Post the adjusting and closing entries. (Use the forms in Exam Figure 6.)
- VI. Prepare a post closing trial balance. (Use the form in Exam Figure 7.)

[illegible]

Platt Hardware Store Trial Balance As of May 31, 20—			
Acct. No.	Account Title	Debit	Credit
11	Cash	\$ 3,463.62	
12	Prepaid Insurance	\$ 500.00	
13	Equipment—Store	\$ 8,000.00	
14	Equipment—Office	\$ 5,090.00	
15	Supplies	\$ 542.92	
21	A/P—Bellhaven Bank		\$ 3,500.00
22	A/P—Taylor Investments		\$ 3,700.00
23	A/P—J. C. Hollings		\$ 690.00
24	A/P—Craft Bank		\$ 3,500.00
31	P. Woodsley, Capital		\$ 5,256.82
32	P. Woodsley, Drawing	\$ 430.00	
41	Fees Earned		\$ 2,917.97
51	Telephone Expense	\$ 154.32	
52	Office Cleaning Expense	\$ 115.00	
53	Rent Expense	\$ 1,000.00	
54	Auto Expense	\$ 15.93	
55	Advertising Expense	\$ 253.00	
	Total	\$ 19,564.79	\$ 19,564.79

EXAM FIGURE 2

[illegible]

JOURNAL														PAGE
DATE			ACCOUNT TITLE	DOC. NO.	P. R.	DEBIT				CREDIT				
1														1
2														2
3														3
4														4
5														5
6														6
7														7
8														8
9														9
10														10
11														11
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30														30
31														31
32														32

EXAM FIGURE 5—Adjusting and Closing Journal Entries

ACCOUNT Cash										ACCOUNT NO. 11									
DATE 20—		ITEM	P.R.	DEBIT					DATE 20—	ITEM	P.R.	CREDIT							
May	5		J1	3	0	1	3	90	May	8	J2		1	5	4	32			
	10		J2	1	5	3	2	94		9	J2			1	5	00			
	15		J2	1	3	8	5	03		11	J2			5	0	00			
				5	9	3	1	87		14	J2		1	0	0	00			
		\$3,463.62								16	J2			1	5	93			
										17	J2			4	3	00			
										18	J2			1	0	00			
										23	J2			2	5	30			
														2	4	68			

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

ACCOUNT Equipment—Store										ACCOUNT NO. 13									
DATE 20—		ITEM	P.R.	DEBIT					DATE 20—	ITEM	P.R.	CREDIT							
May	5		J1	8	0	0	00												
		\$8,000.00																	

EXAM FIGURE 6—General Ledger

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

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

ACCOUNT A/P—Bellhaven Bank										ACCOUNT NO. 21									
DATE 20—		ITEM		P.R.	DEBIT					DATE 20—		ITEM		P.R.	CREDIT				
May	11			J2	5	0	0	00		May	5			J1	4	0	0	0	00

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

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

EXAM FIGURE 6—Continued

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

ACCOUNT P. Woodsley, Capital										ACCOUNT NO. 31									
DATE 20—		ITEM	P.R.	DEBIT						DATE 20—		ITEM	P.R.	CREDIT					
										May	5		J1		5	2	5	6	82

ACCOUNT P. Woodsley, Drawing												ACCOUNT NO. 32							
DATE 20—		ITEM	P.R.	DEBIT						DATE 20—		ITEM	P.R.	CREDIT					
May	17		J2			4	3	0	00										

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

EXAM FIGURE 6—Continued

ACCOUNT Fees Earned										ACCOUNT NO. 41												
DATE 20—		ITEM		P.R.		DEBIT				DATE 20—		ITEM		P.R.		CREDIT						
											May	10						1	5	3	2	94
												15						1	3	8	5	03
																		2	9	1	7	97

ACCOUNT Telephone Expense												ACCOUNT NO. 51								
DATE 20—		ITEM		P.R.	DEBIT					DATE 20—		ITEM		P.R.	CREDIT					
May	5			J3			1	5	4	32										

ACCOUNT Office Cleaning Expense												ACCOUNT NO. 52								
DATE 20—		ITEM	P.R.	DEBIT						DATE 20—		ITEM	P.R.	CREDIT						
May	9		J2				1	5	00											
	18		J2				1	0	0	00										
							1	1	5	00										

ACCOUNT Rent Expense										ACCOUNT NO. 53									
DATE 20—		ITEM		P.R.		DEBIT				DATE 20—		ITEM		P.R.		CREDIT			
May	14						1	0	0	0	00								

EXAM FIGURE 6—Continued

ACCOUNT Auto Repair Expense										ACCOUNT NO. 54									
DATE 20—		ITEM		P.R.		DEBIT				DATE 20—		ITEM		P.R.		CREDIT			
May	16							1	5	93									

ACCOUNT Advertising Expense										ACCOUNT NO. 55									
DATE 20—		ITEM		P.R.		DEBIT				DATE 20—		ITEM		P.R.		CREDIT			
May	23			J2		2	5	3	00										

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			

EXAM FIGURE 6—Continued

1. The heading of the worksheet should appear as
 - A. Platt Hardware Store
May 31, 20—
Worksheet
 - B. Worksheet
Platt Hardware Store
For the period ending May 31, 20—
 - C. Platt Hardware Store
Worksheet
For the period ending May 31, 20—
 - D. Platt Hardware Store
Worksheet
May 31, 20—
2. What is the total liabilities and owner's equity in the balance sheet you prepared in Exam Figure 4?
 - A. \$5,906.54
 - B. \$11,390.00
 - C. \$17,296.54
 - D. \$18,376.26
3. What is the total of the expenses in the income statement you prepared in Exam Figure 3?
 - A. \$1,079.72
 - B. \$1,838.25
 - C. \$2,791.97
 - D. \$2,917.97
4. If Prepaid Insurance has a debit balance of \$500 in the trial balance and the value of insurance coverage remaining is \$400, what would be the amount of the adjustment?
 - A. \$100
 - B. \$400
 - C. \$500
 - D. \$900
5. Which of the following best describes a worksheet?
 - A. It's a formal report used to summarize the journal.
 - B. It reports the financial position of a business on a monthly basis.
 - C. It's used to gather information to be used in preparing financial statements.
 - D. It's an eight-column report that reports only the position of owner's equity.
6. What adjusting entry did you make in the journal in Exam Figure 5 for the Supplies Expense?
 - A. Credit Supplies Expense \$542.92 and debit Supplies \$542.92
 - B. Debit Supplies Expense \$342.92 and credit Supplies \$342.92
 - C. Credit Supplies Expense \$200 and debit Supplies \$200
 - D. Debit Supplies Expense \$200 and credit Supplies \$200

7. Which of the following is the correct way to determine the net profit, and what is the net profit?
- A. Subtract the total expenses from revenue; the net profit is \$2,358.50.
 - B. Add the total expenses to the revenue; the net profit is \$2,358.50.
 - C. Subtract the total expenses from revenue; the net profit is \$1,079.72.
 - D. Add the total expenses to the revenue; the net profit is \$1,0740.90.
8. What is the net profit you reported on the income statement in Exam Figure 3?
- A. \$2,917.97
 - B. \$1,838.25
 - C. \$1,709.72
 - D. \$1,079.72
9. The assets section of the balance sheet should include
- A. Cash
Equipment—Store
Equipment—Office
Prepaid Insurance
Insurance Expense
 - B. Cash
Equipment—Store
Equipment—Office
Supplies Expense
P. Woodsley, Capital
 - C. Cash
Equipment—Office
Equipment—Store
P. Woodsley, Capital
Net Profit
 - D. Cash
Prepaid Insurance
Equipment—Store
Equipment—Office
Supplies
10. The owner's equity section of the balance sheet should appear as
- A. Owner's Equity
P. Woodsley, Capital
Plus Net Profit
Less P. Woodsley, Drawing
Total Owner's Equity
 - B. Owner's Equity
P. Woodsley, Capital
Less Drawing
Net Profit
 - C. Owner's Equity
Woodsley, Capital
Less Drawing
Plus Net Profit
Total Owner's Equity
 - D. Owner's Equity
Less Drawing
Plus Net Profit
Total Owner's Equity
11. Which of the following best describes a closing entry?
- A. It's an entry made in the balance sheet to close out the assets.
 - B. It's an entry made in the trial balance to show a final entry.
 - C. It's an entry made in the general journal to close a temporary ledger account.
 - D. It's an entry made in the general ledger to close a permanent ledger account.

12. What entry did you make to close the Fees Earned account?
- A. A debit entry of \$2,917.97 to the Fees Earned account
 - B. A credit entry of \$2,917.97 to the Fees Earned account
 - C. A credit entry of \$2,917.97 to P. Woodsley, Capital
 - D. A debit entry of \$2,917.97 to P. Woodsley, Capital
13. What entry did you make to close all of the expense accounts?
- A. A debit entry of \$1,838.25 to the Expense and Revenue Summary
 - B. A credit entry of \$1,838.25 to the Expense and Revenue Summary
 - C. A debit entry of \$1,838.25 to Sales
 - D. A credit entry of \$1,838.25 to Sales
14. The entry closing the Expense and Revenue Summary is a
- A. debit of \$1,079.72 because there's net profit.
 - B. debit of \$1,079.72 because there's a net loss.
 - C. credit of \$1,079.72 because there's net profit.
 - D. credit of \$1,079.72 because there's a net loss.
15. You would transfer the net profit for a period to
- A. an asset account.
 - B. a liability account.
 - C. an owner's equity account.
 - D. to the general ledger.
16. What will be the balance in the Expense and Revenue Summary on June 1, 20—?
- A. A credit of \$1,079.72
 - B. 0
 - C. A debit of \$1,079.72
 - D. A credit of \$1,838.25
17. After you made the adjusting entry, what is the balance of the Supplies account?
- A. \$542.92 debit balance
 - B. \$342.92 debit balance
 - C. \$342.92 credit balance
 - D. \$200 credit balance
18. What is the balance of the Prepaid Insurance account after you made the adjusting entry?
- A. \$600 debit balance
 - B. \$600 credit balance
 - C. \$400 credit balance
 - D. \$400 debit balance
19. What is the balance of the P. Woodsley, Capital account as reported on the post closing trial balance?
- A. \$6,766.54
 - B. \$5,906.54
 - C. \$5,256.82
 - D. \$4,607.10
20. The total amount of the liability accounts reported on the post closing trial balance is
- A. \$11,390.00.
 - B. \$17,296.54.
 - C. \$20,757.72.
 - D. \$25,436.00.