

A buyer would record a payment within the discount period under a perpetual inventory system by crediting which account:

Select one:

- a. Inventory. ✓
- b. Accounts Payable.
- c. Purchase Discounts.
- d. Sales Discounts.

The correct answer is: Inventory.

A manufacturing company has 3 types of inventory.

- True ✓
- False

The correct answer is 'True'.

Merchandise inventory is classified on the balance sheet as a

Select one:

- a. Long-Term Asset
- b. Long-Term Liability
- c. Current Asset ✓
- d. Current Liability

The correct answer is: Current Asset

Crash profit is the same as net profit

Gross profit is the same as net profit.

- True
- False ✓

The correct answer is 'False'.

A company has net sales and cost of goods sold of \$752,000 and \$543,000, respectively. Its net income is \$17,530. The company's operating expenses is \_\_\_\_\_.

Select one:

- a. \$227,000
- b. \$191,470 ✓
- c. \$195,310
- d. \$525,470

The correct answer is: \$191,470

The terms, 1/10, EOM, mean that a discount of 1% is given, if payment is received within 10 days of the end of the current month.

True

False **x**

The correct answer is 'True'.

Cost of goods sold is determined only at the end of the accounting period in:


Select one:

- a. All answers are wrong.
- b. a perpetual inventory system.
- c. both a perpetual and a periodic inventory system.
- d. a periodic inventory system. ✓

The correct answer is: a periodic inventory system.

A debit to Sales Returns and Allowances and a credit to Accounts Receivable:

Select one:

- a. Recognizes that a customer returned merchandise and/or received an allowance. 
- b. All answers are wrong.
- c. Reflects an increase in amount required from a customer.
- d. Is recorded when a customer takes a discount.

The correct answer is: Recognizes that a customer returned merchandise and/or received an allowance.



If the FOB destination is used, the goods remain owned by the seller, until they reach their destination.

True ✓

False

The correct answer is 'True'.

All of the following are **contra revenue (deducted from revenue)** accounts **except** (باستثناء):

Select one:

- a. sales returns.
- b. sales allowances.
- c. purchases discounts. ✓
- d. sales discounts.

The correct answer is: purchases discounts.

The primary difference between a periodic and perpetual inventory system is that a

Select one:

- a. periodic system determines the cost of goods sold only at the end of the accounting period
- b. periodic system keeps a record showing the inventory on hand at all times
- c. periodic system provides an easy means to determine inventory on hand
- d. periodic system records the cost of the sale on the date the sale is made ✘

The correct answer is: periodic system determines the cost of goods sold only at the end of the accounting period

The operating cycle of a manufacturing company is the shortest of all types of companies.

True

False ✓

The correct answer is 'False'.

The correct answer is 'False'.

After gross profit is calculated, operating expenses are deducted to determine

Select one:

- a. net margin.
- b. net income. ✓
- c. gross margin.
- d. gross profit on sales.

The correct answer is: net income.