

12

Work Sheet and Adjusting Entries

STUDY GUIDE QUESTIONS

PART 1 True/False

For each of the following statements, circle T if the statement is true and F if the statement is false.

- | | | |
|---|---|--|
| T | F | 1. An actual count of a stock of goods on hand is called a physical inventory. |
| T | F | 2. The first adjustment for Merchandise Inventory is to debit Merchandise Inventory for the amount of the beginning inventory. |
| T | F | 3. The value of the ending Merchandise Inventory appears in the Balance Sheet Credit column of the work sheet. |
| T | F | 4. The balance of Sales Discount appears in the Income Statement Credit column. |
| T | F | 5. Under the periodic-inventory system, entries are recorded in the Merchandise Inventory account at the end of the fiscal period only. |
| T | F | 6. When a business receives cash for a product or service that is to be delivered in the future, the Unearned Revenue account is credited. |
| T | F | 7. The balance of the Unearned Revenue account appears in the Balance Sheet Credit column. |
| T | F | 8. In the Balance Sheet columns of the work sheet, Income Summary is shown in two figures. |
| T | F | 9. The balance of Purchases Discount appears in the Income Statement Credit column. |
| T | F | 10. If Income Summary has a debit of \$80,000 and a credit of \$70,000 in the Adjustments columns of the work sheet, these will be combined into a debit of \$10,000 in the Income Statement Debit column. |

PART 2 Identifying Work Sheet Columns

Below is a list of selected accounts. Using a check mark, identify the columns in which the balance of each of the accounts would appear.

ACCOUNT NAME	INCOME STATEMENT		BALANCE SHEET	
	DEBIT	CREDIT	DEBIT	CREDIT
<i>Example:</i> 0. Rent Income		✓		
1. Sales Discount				
2. C. Carr, Drawing				
3. Supplies Expense				
4. Sales				
5. Merchandise Inventory				
6. Purchases Returns and Allowances				
7. Income Summary				
8. C. Carr, Capital				
9. Accumulated Depreciation, Equipment				
10. Purchases				
11. Sales Returns and Allowances				
12. Purchases Discount				
13. Unearned Rent				
14. Salaries Payable				