

1. Ordinary repairs are expenditures to maintain the operating efficiency of a plant asset and are referred to as

- A. capital expenditures
- B. expense expenditures
- C. improvements
- D. revenue expenditures**

2. Using the percentage of receivables method for recording bad debts expense, estimated uncollectible accounts are \$15,000. If the balance of the Allowance for Doubtful Accounts is \$3,000 credit before adjustment, what is the amount of bad debts expense for that period?

- A. \$15,000
- B. \$12,000**
- C. \$18,000
- D. \$8,000

3. Intangible assets

- A. should be reported under the heading Property, Plant, and Equipment
- B. should be reported as a separate classification on the balance sheet**
- C. should be reported as Current Assets on the balance sheet
- D. are not reported on the balance sheet because they lack physical substance

4. Intangible assets are the rights and privileges that result from ownership of long-lived assets that

- A. must be generated internally
- B. are depletable natural resources
- C. do not have physical substance**
- D. have been exchanged at a gain

5. The book value of an asset is equal to the

- A. asset's market value less its historic cost
- B. blue book value relied on by secondary markets
- C. replacement cost of the asset
- D. asset's cost less accumulated depreciation**

Aug
7

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1) Hahn Company uses the percentage of sales method for recording bad debts expense. For the year, cash sales are \$300,000 and credit sales are \$1,200,000. Management estimates that 1% is the sales percentage to use. What adjusting entry will Hahn Company make to record the bad debts expense?

A.

Bad Debts Expense	\$15,000	
Allowances for Doubtful Accounts		\$15,000B.
Bad Debts Expense	\$12,000	
Allowances for Doubtful Accounts		\$12,000
C.		
Bad Debts Expense	\$12,000	
Accounts Receivable		\$12,000
D.		
Bad Debts Expense	\$15,000	
Accounts Receivable		\$15,000

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6) Gains on an exchange of plant assets that has commercial substance are

- A. deducted from the cost of the new asset acquired