

Chapter 8 Practice Questions

True/False

1. The difference between the total of the Income Statement Debit column and the total of the Income Statement Credit column of the work sheet represents either net income or net loss.
2. Preparation of a work sheet eliminates the need to prepare an income statement and a balance sheet.

Multiple Choice

3. The heading of the work sheet includes
 - (A) the name of the business,
 - (B) the name of the owner,
 - (C) the last day of the accounting period,
 - (D) A and C.
4. Balances on the work sheet are extended
 - (A) from the top down,
 - (B) to the debit columns first,
 - (C) from the bottom up,
 - (D) to the Income Statement section first.
5. Once the two columns in a section of the work sheet are proved,
 - (A) the totals are written in ink,
 - (B) a single rule is drawn under the totals,
 - (C) the totals are transferred to the next section,
 - (D) a double rule is drawn under the totals.

Answers

1. T
2. F
3. D
4. D
5. D