Student name:\_\_\_\_\_\_\_\_\_\_

**TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.
1)** Accounting is an information and measurement system that identifies, records, and communicates an organization's business activities.

 ⊚ true
 ⊚ false

**2)** Recordkeeping, or bookkeeping, is the recording of transactions and events, either manually or electronically. This is just one part of accounting.

 ⊚ true
 ⊚ false

**3)** Accounting includes the analysis and interpretation of information.

 ⊚ true
 ⊚ false

**4)** Financial accounting focuses on the needs of external users, who get accounting information from general-purpose financial statements.

 ⊚ true
 ⊚ false

**5)** Internal users of accounting information do *not* directly run the organization and have limited access to its accounting information.

 ⊚ true
 ⊚ false

**6)** Auditors verify the effectiveness of internal controls.

 ⊚ true
 ⊚ false

**7)** External auditors examine financial statements to verify that they are prepared according to generally accepted accounting principles.

 ⊚ true
 ⊚ false

**8)** External users include lenders, shareholders, customers, and regulators.

 ⊚ true
 ⊚ false

**9)** Regulators have legal authority over certain activities of organizations.

 ⊚ true
 ⊚ false

**10)** Internal users include lenders, shareholders, brokers, and nonexecutive employees.

 ⊚ true
 ⊚ false

**11)** Opportunities in accounting include auditing, consulting, market research, and tax planning.

 ⊚ true
 ⊚ false

**12)** Ethics is defined as maximizing personal wealth, regardless the cost.

 ⊚ true
 ⊚ false

**13)** The fraud triangle shows three factors that push a person to commit fraud are opportunity, effective internal controls, and ethics.

 ⊚ true
 ⊚ false

**14)** The fraud triangle shows that three factors that push a person to commit fraud are opportunity, pressure, and rationalization.

 ⊚ true
 ⊚ false

**15)** Internal controls are procedures to protect assets, ensure reliable accounting, promote efficiency, and uphold company policies.

 ⊚ true
 ⊚ false

**16)** A partnership is a business owned by two or more people.

 ⊚ true
 ⊚ false

**17)** Owners of a corporation are called shareholders or stockholders.

 ⊚ true
 ⊚ false

**18)** In a partnership the owners are called stockholders.

 ⊚ true
 ⊚ false

**19)** The balance sheet shows a company's net income or loss over a period of time.

 ⊚ true
 ⊚ false

**20)** The Financial Accounting Standards Board (FASB) is given the task of setting generally accepted accounting principles (GAAP) from the Securities and Exchange Commission.

 ⊚ true
 ⊚ false

**21)** The business entity assumption means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

 ⊚ true
 ⊚ false

**22)** General principles are the basic assumptions, concepts, and guidelines for preparing financial statements.

 ⊚ true
 ⊚ false

**23)** The business entity assumption means that a business is accounted for separately from other business entities and its owner(s).

 ⊚ true
 ⊚ false

**24)** As a general rule, revenues should not be recognized in the accounting records when earned, but rather when cash is received.

 ⊚ true
 ⊚ false

**25)** Specific accounting principles are basic assumptions, concepts, and guidelines for preparing financial statements and arise out of long-used accounting practice.

 ⊚ true
 ⊚ false

**26)** Limited liability and indefinite business life are characteristics of a corporation.

 ⊚ true
 ⊚ false

**27)** A sole proprietorship is a business with multiple owners.

 ⊚ true
 ⊚ false

**28)** Unlimited liability and separate taxation of the business are advantages of a sole proprietorship.

 ⊚ true
 ⊚ false

**29)** A partnership must pay an additional business income tax.

 ⊚ true
 ⊚ false

**30)** Objectives, qualitative characteristics, elements, and recognition and measurement are components of the FASB conceptual framework.

 ⊚ true
 ⊚ false

**31)** Objectivity means that information is supported by independent, unbiased evidence

 ⊚ true
 ⊚ false

**32)** The going-concern assumption presumes that a business will continue operating instead of being closed or sold.

 ⊚ true
 ⊚ false

**33)** The measurement principle (cost principle) prescribes that accounting information is based on subjective opinion rather than cost.

 ⊚ true
 ⊚ false

**34)** The monetary unit assumption means that companies should express transactions in terms such as “a lot” or “very little”.

 ⊚ true
 ⊚ false

**35)** The International Accounting Standards Board (IASB) issues International Financial Reporting Standards (IFRS) that identify preferred accounting practices.

 ⊚ true
 ⊚ false

**36)** A limited liability company (LLC) offers the limited liability of a partnership or proprietorship and the tax treatment of a corporation.

 ⊚ true
 ⊚ false

**37)** A limited liability company (LLC) offers the limited liability of a corporation and the tax treatment of a partnership or proprietorship.

 ⊚ true
 ⊚ false

**38)** The Securities and Exchange Commission (SEC) is a U.S. government agency that oversees proper use of GAAP by companies that sell stock and debt to the public.

 ⊚ true
 ⊚ false

**39)** The four common forms of business ownership include sole proprietorship, partnership, corporation, and non-profit.

 ⊚ true
 ⊚ false

**40)** The four common forms of business ownership include sole proprietorship, partnership, limited liability company (LLC), and corporation.

 ⊚ true
 ⊚ false

**41)** The statement of cash flows reports cash flows from operating activities, financing activities, and investing activities.

 ⊚ true
 ⊚ false

**42)** The statement of cash flows contains a section that presents cash flows from investing activities.

 ⊚ true
 ⊚ false

**43)** Financing activities on the statement of cash flows include long-term borrowing and repaying of cash from lenders.

 ⊚ true
 ⊚ false

**44)** Investing activities on the statement of cash flows include long-term borrowing and repaying of cash from lenders.

 ⊚ true
 ⊚ false

**45)** Investing activities on the statement of cash flows include buying equipment that is held for long-term use.

 ⊚ true
 ⊚ false

**46)** Return on assets equals total revenues divided by average total assets.

 ⊚ true
 ⊚ false

**47)** Revenues increase equity (via net income) from sales of products and services to customers.

 ⊚ true
 ⊚ false

**48)** A net loss occurs when revenues exceed expenses.

 ⊚ true
 ⊚ false

**49)** Net income occurs when revenues exceed expenses.

 ⊚ true
 ⊚ false

**50)** Liabilities are owners’ claims on assets.

 ⊚ true
 ⊚ false

**51)** Assets are the resources a company owns or controls and are expected to yield future benefits.

 ⊚ true
 ⊚ false

**52)** Dividends are subtracted as expenses in the calculation of net income.

 ⊚ true
 ⊚ false

**53)** The accounting equation can be restated as: Assets − Equity = Liabilities.

 ⊚ true
 ⊚ false

**54)** The accounting equation can be restated as: Assets + Liabilities = Equity.

 ⊚ true
 ⊚ false

**55)** Stock issuances are increases in equity from the sale of products or services.

 ⊚ true
 ⊚ false

**56)** Every business transaction leaves the accounting equation in balance.

 ⊚ true
 ⊚ false

**57)** An external transaction is an exchange within an entity that may or may not affect the accounting equation.

 ⊚ true
 ⊚ false

**58)** From an accounting perspective, an event is a happening that affects the accounting equation but cannot be measured.

 ⊚ true
 ⊚ false

**59)** Equity is increased when cash is received from customers in payment of previously recorded accounts receivable.

 ⊚ true
 ⊚ false

**60)** Owner investments increase equity via net income.

 ⊚ true
 ⊚ false

**61)** Return on assets is often stated in ratio form as the amount of average total assets divided by revenue.

 ⊚ true
 ⊚ false

**62)** Return on assets is often stated in ratio form as the amount of net income divided by average total assets.

 ⊚ true
 ⊚ false

**63)** Return on assets helps evaluate if management is effectively using assets to generate net income.

 ⊚ true
 ⊚ false

**64)** Arrow's net income of $119 million and average total assets of $1,600 million results in a return on assets of 7.44%.

 ⊚ true
 ⊚ false

**65)** Arrow's net income of $120 million and average total assets of $1,500 million results in a return on assets of 8%.

 ⊚ true
 ⊚ false

**66)** Net income occurs when expenses are greater than revenues.

 ⊚ true
 ⊚ false

**67)** A net loss occurs when liabilities are greater than assets.

 ⊚ true
 ⊚ false

**68)** Owner investments and dividends are not part of net income.

 ⊚ true
 ⊚ false

**69)** The four basic financial statements include the balance sheet, income statement, statement of retained earnings, and statement of cash flows.

 ⊚ true
 ⊚ false

**70)** An income statement reports on investing and financing activities.

 ⊚ true
 ⊚ false

**71)** A balance sheet covers activities over a period of time such as a month or year.

 ⊚ true
 ⊚ false

**72)** The income statement reports revenues and expenses and computes net income or loss over a period of time.

 ⊚ true
 ⊚ false

**73)** The statement of cash flows shows the net effect of revenues and expenses for a reporting period.

 ⊚ true
 ⊚ false

**74)** The income statement shows the financial position of a business on a specific date.

 ⊚ true
 ⊚ false

**75)** The first section of the income statement reports cash flows from operating activities.

 ⊚ true
 ⊚ false

**76)** The left side of the balance sheet lists a company’s assets.

 ⊚ true
 ⊚ false

**77)** Investing activities on the statement of cash flows involve selling assets such as equipment that is held for long-term use.

 ⊚ true
 ⊚ false

**78)** Operating activities on the statement of cash flows include long-term borrowing and repaying cash from lenders, stockholder investments and dividends paid to stockholders.

 ⊚ true
 ⊚ false

**79)** The purchase of supplies appears on the statement of cash flows as an investing activity because it involves the purchase of assets.

 ⊚ true
 ⊚ false

**80)** The income statement reports on operating activities at a point in time.

 ⊚ true
 ⊚ false

**81)** The statement of cash flows identifies cash flows over a period of time and separates them into operating, investing, and financing activities.

 ⊚ true
 ⊚ false

**82)** Ending retained earnings, reported on the statement of retained earnings, is computed by adding cash flows and net income and subtracting net losses and dividends.

 ⊚ true
 ⊚ false

**83)** The cost-benefit constraint prescribes that only information with benefits of disclosure less than the costs of providing it, need be disclosed.

 ⊚ true
 ⊚ false

**84)** The cost-benefit constraint says that information disclosed must have benefits to the user that are greater than the costs of providing it.

 ⊚ true
 ⊚ false

**85)** Net income is sometimes called earnings or profit.

 ⊚ true
 ⊚ false

**MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.
86)** Accounting is an information and measurement system that does all of the following *except*:

 A) Identifies business activities.
 B) Records business activities.
 C) Communicates business activities.
 D) Eliminates the need for interpreting financial data.
 E) Helps people make better decisions.

**87)** Which of the following is an external user of accounting information?

 A) Purchasing manager.
 B) Human resource manager.
 C) Lender.
 D) Chief executive officer (CEO).
 E) Marketing manager.

**88)** The primary objective of financial accounting is to:

 A) Serve the decision-making needs of internal users.
 B) Provide accounting information that serves external users.
 C) Monitor consumer needs, tastes, and price concerns.
 D) Provide information on both the costs and benefits of looking after products and services.
 E) Know what, when, and how much product to produce.

**89)** The area of accounting aimed at serving the decision-making needs of internal users is:

 A) Financial accounting.
 B) Managerial accounting.
 C) External auditing.
 D) SEC reporting.
 E) Bookkeeping.

**90)** External users of accounting information include all of the following *except*:

 A) Shareholders.
 B) Customers.
 C) Purchasing managers.
 D) Government regulators.
 E) Creditors.

**91)** Which of the following is not true regarding a Certified Public Accountant?

 A) Must meet education and experience requirements.
 B) Must pass an examination.
 C) Must exhibit ethical character.
 D) May also be a Certified Management Accountant.
 E) Cannot hold any certificate other than a CPA.

**92)** Which of the following factors is not a component of the fraud triangle?

 A) Opportunity
 B) Pressure
 C) Rationalization
 D) Summarization.

**93)** Which of the following is *false* regarding ethics?

 A) Ethics are beliefs that separate right from wrong.
 B) Good ethics are good business.
 C) Ethics do not affect the operations or outcome of a company.
 D) Accountants face ethical choices as they prepare financial reports.
 E) Ethics are accepted standards of good and bad behavior.

**94)** A corporation is:

 A) A business legally separate from its owners.
 B) Controlled by the FASB.
 C) Not responsible for its own acts and own debts.
 D) The same as a limited liability partnership.
 E) Not subject to double taxation.

**95)** The group that sets international preferred accounting practices is called the:

 A) AICPA.
 B) IASB.
 C) CAP.
 D) SEC.
 E) FASB.

**96)** The Securities and Exchange Commission (SEC) has given the task of setting GAAP to the:

 A) APB.
 B) FASB.
 C) AAA.
 D) AICPA.
 E) IASB.

**97)** The accounting concept that requires every business to be accounted for separately from other business entities, including its owner(s), is known as the:

 A) Time period assumption.
 B) Business entity assumption.
 C) Going-concern assumption.
 D) Revenue recognition principle.
 E) Measurement (Cost) principle.

**98)** The rule that requires financial statements to reflect the assumption that a business will continue operating instead of being closed or sold is the:

 A) Going-concern assumption.
 B) Business entity assumption.
 C) Objectivity principle.
 D) Measurement (Cost) principle.
 E) Monetary unit assumption.

**99)** If a company is considering the purchase of a parcel of land that was originally acquired by the seller for $97,000 is currently offered for sale at $174,000, is considered by the purchaser as easily being worth $164,000, and is finally purchased for $161,000, the land should be recorded in the purchaser's books at:

 A) $107,000.
 B) $161,000.
 C) $162,500.
 D) $164,000.
 E) $174,000.

**100)** If a company is considering the purchase of a parcel of land that was originally acquired by the seller for $85,000, is currently offered for sale at $150,000, is considered by the purchaser as easily being worth $140,000, and is finally purchased for $137,000, the land should be recorded in the purchaser’s books at:

 A) $95,000.
 B) $137,000.
 C) $138,500.
 D) $140,000.
 E) $150,000.

**101)** To include the personal assets and transactions of a business's owner(s) in the records and reports of the business would be in conflict with the:

 A) Objectivity principle.
 B) Monetary unit assumption.
 C) Business entity assumption.
 D) Going-concern assumption.
 E) Revenue recognition principle.

**102)** The accounting principle that requires accounting information to be based on actual cost and requires assets and services to be recorded initially at the cash or cash-equivalent amount given in exchange, is the:

 A) Accounting equation.
 B) Measurement (Cost) principle.
 C) Going-concern assumption.
 D) Cost-benefit constraint.
 E) Business entity assumption.

**103)** The rule that requires revenue to be recognized (1) when goods or services are provided to customers and (2) at the amount expected to be received from the customer is called the:

 A) Going-concern assumption.
 B) Measurement (Cost) principle.
 C) Revenue recognition principle.
 D) Objectivity principle.
 E) Business entity assumption.

**104)** The question of when revenue should be recognized on the income statement according to generally accepted accounting principles (GAAP) is addressed by the:

 A) Revenue recognition principle.
 B) Going-concern assumption.
 C) Objectivity principle.
 D) Business entity assumption.
 E) Measurement (Cost) principle.

**105)** The Superior Company acquired a building for $500,000. The building was appraised at a value of $575,000. The seller had paid $300,000 for the building 6 years ago. Which accounting principle would require Superior to record the building on its records at $500,000?

 A) Monetary unit assumption.
 B) Going-concern assumption.
 C) Measurement (Cost) principle.
 D) Business entity assumption.
 E) Revenue recognition principle.

**106)** On December 15 of the current year, Conrad Accounting Services received $40,000 from a client to provide bookkeeping services for the client in the following year. Which accounting principle would require Conrad Accounting Services to record the bookkeeping revenue in the following year and not in the year the cash was received?

 A) Monetary unit assumption.
 B) Going-concern assumption.
 C) Measurement (Cost) principle.
 D) Business entity assumption.
 E) Revenue recognition principle.

**107)** Marsha Bogswell is the sole shareholder of Bogswell Legal Services. Which accounting principle requires Marsha to keep her personal financial information separate from the financial information of Bogswell Legal Services?

 A) Monetary unit assumption.
 B) Going-concern assumption.
 C) Measurement (Cost) principle.
 D) Business entity assumption.
 E) Expense recognition (Matching) principle.

**108)** A limited liability company (LLC):

 A) Has owners called members.
 B) Is subject to double taxation.
 C) Includes a general owner with unlimited liability.
 D) Is the same as a corporation.
 E) Must have more than one owner.

**109)** A partnership:

 A) Is also called a sole proprietorship.
 B) Has unlimited liability for its partners.
 C) Must have a written agreement in order to be legal.
 D) Is a legal organization separate from its owners.
 E) Has owners called shareholders.

**110)** Which of the following accounting principles require that all goods and services purchased be recorded at actual cost?

 A) Going-concern assumption.
 B) Expense recognition (Matching) principle..
 C) Measurement (Cost) principle.
 D) Business entity assumption.
 E) Consideration assumption.

**111)** Which of the following accounting principles prescribes that a company record its expenses incurred to generate the revenue reported?

 A) Going-concern assumption.
 B) Expense recognition (Matching) principle.
 C) Measurement (Cost) principle.
 D) Business entity assumption.
 E) Consideration assumption.

**112)** Revenue is properly recognized:

 A) When the customer makes an order.
 B) Only if the transaction creates an account receivable.
 C) At the end of the accounting period.
 D) When goods or services are provided to customers and at the amount expected to be received from the customer.
 E) When cash from a sale is received.

**113)** All of the following are external users of accounting information except:

 A) Lenders.
 B) Shareholders.
 C) Board of directors.
 D) Chief executive officer (CEO).
 E) Customers.

**114)** All of the following are external users of accounting information except:

 A) Customers.
 B) Internal Revenue Service.
 C) Human resource managers.
 D) Shareholders.
 E) Lenders.

**115)** If a company uses $1,610 of its cash to purchase supplies, the effect on the accounting equation would be:

 A) Assets increase $1,610 and liabilities decrease $1,610.
 B) One asset increases $1,610 and another asset decreases $1,610, causing no effect.
 C) Assets decrease $1,610 and equity decreases $1,610.
 D) Assets decrease $1,610 and equity increases $1,610.
 E) Assets increase $1,610 and liabilities increase $1,610.

**116)** If a company uses $1,300 of its cash to purchase supplies, the effect on the accounting equation would be:

 A) Assets increase $1,300 and liabilities decrease $1,300.
 B) One asset increases $1,300 and another asset decreases $1,300, causing no effect.
 C) Assets decrease $1,300 and equity decreases $1,300.
 D) Assets decrease $1,300 and equity increases $1,300.
 E) Assets increase $1,300 and liabilities increase $1,300.

**117)** If a company receives $12,800 from a stockholder, the effect on the accounting equation would be:

 A) Assets decrease $12,800 and equity decreases $12,800.
 B) Assets increase $12,800 and liabilities decrease $12,800.
 C) Assets increase $12,800 and liabilities increase $12,800.
 D) Liabilities increase $12,800 and equity decreases $12,800.
 E) Assets increase $12,800 and equity increases $12,800.

**118)** If a company receives $12,000 from a stockholder, the effect on the accounting equation would be:

 A) Assets decrease $12,000 and equity decreases $12,000.
 B) Assets increase $12,000 and liabilities decrease $12,000.
 C) Assets increase $12,000 and liabilities increase $12,000.
 D) Liabilities increase $12,000 and equity decreases $12,000.
 E) Assets increase $12,000 and equity increases $12,000.

**119)** If a company purchases equipment costing $5,300 on credit, the effect on the accounting equation would be:

 A) Assets increase $5,300 and liabilities decrease $5,300.
 B) Equity decreases $5,300 and liabilities increase $5,300.
 C) One asset increases $5,300 and another asset decreases $5,300.
 D) Assets increase $5,300 and liabilities increase $5,300.
 E) Equity increases $5,300 and liabilities decrease $5,300.

**120)** If a company purchases equipment costing $4,500 on credit, the effect on the accounting equation would be:

 A) Assets increase $4,500 and liabilities decrease $4,500.
 B) Equity decreases $4,500 and liabilities increase $4,500.
 C) One asset increases $4,500 and another asset decreases $4,500.
 D) Assets increase $4,500 and liabilities increase $4,500.
 E) Equity increases $4,500 and liabilities decrease $4,500.

**121)** An example of a financing activity reported on the statement of cash flows is:

 A) Buying office supplies.
 B) Obtaining a long-term loan.
 C) Buying office equipment.
 D) Selling inventory.
 E) Buying land.

**122)** Increases in equity that result from providing products or services to customers are called:

 A) Liabilities.
 B) Revenues.
 C) Financing activities.
 D) Investing activities.
 E) Expenses.

**123)** Which of the following decreases equity:

 A) Investing activities.
 B) Assets.
 C) Accounts receivable.
 D) Revenues.
 E) Expenses.

**124)** An example of an investing activity on the statement of cash flows is:

 A) Paying wages of employees.
 B) Paying cash dividends.
 C) Purchasing land.
 D) Selling inventory.
 E) Issuing common stock for cash.

**125)** Net Income:

 A) Decreases equity.
 B) Represents the amount of assets owners put into a business.
 C) Equals assets minus liabilities.
 D) Is the excess of revenues over expenses.
 E) Represents owners' claims against assets.

**126)** If equity is $338,000 and liabilities are $188,000, then assets equal:

 A) $150,000.
 B) $188,000.
 C) $338,000.
 D) $526,000.
 E) $864,000.

**127)** If equity is $300,000 and liabilities are $192,000, then assets equal:

 A) $108,000.
 B) $192,000.
 C) $300,000.
 D) $492,000.
 E) $792,000.

**128)** If assets are $430,000 and liabilities are $201,000, then equity equals:

 A) $229,000.
 B) $201,000.
 C) $430,000.
 D) $631,000.
 E) $1,061,000.

**129)** If assets are $300,000 and liabilities are $192,000, then equity equals:

 A) $108,000.
 B) $192,000.
 C) $300,000.
 D) $492,000.
 E) $792,000.

**130)** Resources a company owns or controls that are expected to yield future benefits are:

 A) Assets.
 B) Revenues.
 C) Liabilities.
 D) Payables.
 E) Expenses.

**131)** Increases in equity from sales of products or services to customers are:

 A) Assets.
 B) Revenues.
 C) Liabilities.
 D) Stockholders’ Equity.
 E) Expenses.

**132)** The difference between a company's assets and its liabilities, or net assets is:

 A) Net income.
 B) Expense.
 C) Equity.
 D) Revenue.
 E) Net loss.

**133)** Creditors’ claims on assets are called:

 A) Net losses.
 B) Expenses.
 C) Revenues.
 D) Equity.
 E) Liabilities.

**134)** Decreases in equity from costs of providing products or services to customers are called:

 A) Liabilities.
 B) Equity.
 C) Assets.
 D) Expenses.
 E) Stockholders’ Investment.

**135)** The description of the relation between a company’s assets, liabilities, and equity, which is expressed as Assets = Liabilities + Equity, is known as the:

 A) Income statement equation.
 B) Accounting equation.
 C) Business equation.
 D) Return on equity ratio.
 E) Net income.

**136)** Revenues are:

 A) The same as net income.
 B) The excess of expenses over assets.
 C) Resources owned or controlled by a company.
 D) The increase in equity from a company's sales of products and services.
 E) The costs of assets or services used.

**137)** If assets are $86,000 and liabilities are $26,300, then equity equals:

 A) $26,300.
 B) $59,700.
 C) $86,000.
 D) $112,300.
 E) $198,300.

**138)** If assets are $99,000 and liabilities are $32,000, then equity equals:

 A) $32,000.
 B) $67,000.
 C) $99,000.
 D) $ 131,000.
 E) $198,000.

**139)** Another name for equity is:

 A) Net income.
 B) Expenses.
 C) Net assets.
 D) Revenue.
 E) Net loss.

**140)** When expenses exceed revenues, the result is called:

 A) Net assets.
 B) Negative equity.
 C) Net loss.
 D) Net income.
 E) A liability.

**141)** Outflows of cash and other resources to shareholders are:

 A) Liabilities.
 B) Dividends.
 C) Expenses.
 D) Stock issuances.
 E) Revenues.

**142)** Outflows of cash or other resources from a business to its shareholders:

 A) Reduce assets and equity.
 B) Increase assets and equity.
 C) Reduce assets and equity (via net income).
 D) Increases assets and reduces equity.
 E) Reduce contributed capital.

**143)** The assets of a company total $732,000; the liabilities, $216,000. What is the amount of equity?

 A) $948,000.
 B) $732,000.
 C) $516,000.
 D) $216,000.
 E) It is impossible to determine unless the amount of the stock issuances is known.

**144)** The assets of a company total $700,000; the liabilities, $200,000. What is the amount of equity?

 A) $900,000.
 B) $700,000.
 C) $500,000.
 D) $200,000.
 E) It is impossible to determine unless the amount of the stock issuances is known.

**145)** On May 31 of the current year, the assets and liabilities of Riser, Incorporated are as follows: Cash $19,300; Accounts Receivable, $7,200; Supplies, $600; Equipment, $11,950; Accounts Payable, $9,250. What is the amount of equity as of May 31 of the current year?

 A) $48,300.
 B) $13,050.
 C) $19,300.
 D) $29,800.
 E) $39,050.

**146)** On May 31 of the current year, the assets and liabilities of Riser, Incorporated are as follows: Cash $20,500; Accounts Receivable, $7,250; Supplies, $650; Equipment, $12,000; Accounts Payable, $9,300. What is the amount of equity as of May 31 of the current year?

 A) $49,700.
 B) $13,050.
 C) $20,500.
 D) $31,100.
 E) $40,400.

**147)** On August 31 of the current year, the assets and liabilities of Gladstone, Incorporated are as follows: Cash $27,600; Supplies, $910; Equipment, $8,400; Accounts Payable, $7,200. What is the amount of equity as of August 31 of the current year?

 A) $28,800.
 B) $27,890.
 C) $29,710.
 D) $11,090.
 E) $12,910.

**148)** On August 31 of the current year, the assets and liabilities of Gladstone, Incorporated are as follows: Cash $30,000; Supplies, $600; Equipment, $10,000; Accounts Payable, $8,500. What is the amount of equity as of August 31 of the current year?

 A) $49,100.
 B) $32,100.
 C) $12,100.
 D) $10,900.
 E) $30,900.

**149)** Assets created by selling goods and services on credit are:

 A) Accounts payable.
 B) Accounts receivable.
 C) Liabilities.
 D) Expenses.
 E) Equity.

**150)** An exchange of value between two entities which causes a change in the accounting equation is called:

 A) The accounting equation.
 B) Recordkeeping or bookkeeping.
 C) An external transaction.
 D) An asset.
 E) Net Income.

**151)** Saddleback Company paid off $45,000 of its accounts payable in cash. What would be the effects of this transaction on the accounting equation?

 A) Assets increase $45,000; equity increase $45,000.
 B) Assets decrease $45,000; liabilities decrease $45,000.
 C) Assets decrease $45,000; liabilities increase $45,000.
 D) Liabilities decrease $45,000; equity increase $45,000.
 E) Assets decrease $45,000; equity decrease $45,000.

**152)** Saddleback Company paid off $30,000 of its accounts payable in cash. What would be the effects of this transaction on the accounting equation?

 A) Assets increase $30,000; equity increases $30,000.
 B) Assets decrease $30,000; liabilities decrease $30,000.
 C) Assets decrease $30,000; liabilities increase $30,000.
 D) Liabilities decrease $30,000; equity increase $30,000.
 E) Assets decrease $30,000; equity decreases $30,000.

**153)** If Houston Company billed a client for $18,000 of consulting work completed, the accounts receivable asset increases by $18,000 and:

 A) Accounts payable decreases $18,000.
 B) Accounts payable increases $18,000.
 C) Cash increases $18,000.
 D) Revenue increases $18,000.
 E) Revenue decreases $18,000.

**154)** If Houston Company billed a client for $10,000 of consulting work completed, the accounts receivable asset increases by $10,000 and:

 A) Accounts payable decreases $10,000.
 B) Accounts payable increases $10,000.
 C) Cash increases $10,000.
 D) Revenue increases $10,000.
 E) Revenue decreases $10,000

**155)** Alpha Company has assets of $636,000, liabilities of $268,000, and equity of $368,000. It buys office equipment on credit for $93,000. What would be the effects of this transaction on the accounting equation?

 A) Assets increase by $93,000 and expenses increase by $93,000.
 B) Assets increase by $93,000 and expenses decrease by $93,000.
 C) Liabilities increase by $93,000 and expenses decrease by $93,000.
 D) Assets decrease by $93,000 and expenses decrease by $93,000.
 E) Assets increase by $93,000 and liabilities increase by $93,000.

**156)** Alpha Company has assets of $600,000, liabilities of $250,000, and equity of $350,000. It buys office equipment on credit for $75,000. What would be the effects of this transaction on the accounting equation?

 A) Assets increase by $75,000 and expenses increase by $75,000.
 B) Assets increase by $75,000 and expenses decrease by $75,000.
 C) Liabilities increase by $75,000 and expenses decrease by $75,000.
 D) Assets decrease by $75,000 and expenses decrease by $75,000.
 E) Assets increase by $75,000 and liabilities increase by $75,000.

**157)** Contessa Company collected $42,000 cash on its accounts receivable. The effects of this transaction as reflected in the accounting equation are:

 A) Total assets decrease and equity increases.
 B) Both total assets and total liabilities decrease.
 C) Total assets, total liabilities, and total equity are unchanged.
 D) Both total assets and equity are unchanged and liabilities increase.
 E) Total assets increase and equity decreases.

**158)** If the liabilities of a business increased $87,000 during a period of time and the stockholders’ equity in the business decreased $36,000 during the same period, the assets of the business must have:

 A) Decreased $123,000.
 B) Decreased $51,000.
 C) Increased $36,000.
 D) Increased $51,000.
 E) Increased $123,000.

**159)** If the liabilities of a business increased $75,000 during a period of time and the stockholders’ equity in the business decreased $30,000 during the same period, the assets of the business must have:

 A) Decreased $105,000.
 B) Decreased $45,000.
 C) Increased $30,000.
 D) Increased $45,000.
 E) Increased $105,000.

**160)** If the assets of a business increased $101,000 during a period of time and its liabilities increased $73,000 during the same period, equity in the business must have:

 A) Increased $28,000.
 B) Decreased $28,000.
 C) Increased $101,000.
 D) Decreased $174,000.
 E) Increased $174,000.

**161)** If the assets of a business increased $89,000 during a period of time and its liabilities increased $67,000 during the same period, equity in the business must have:

 A) Increased $22,000.
 B) Decreased $22,000.
 C) Increased $89,000.
 D) Decreased $156,000.
 E) Increased $156,000.

**162)** If the liabilities of a company increased $84,000 during a period of time and equity in the company decreased $24,000 during the same period, what was the effect on the assets?

 A) Assets would have increased $60,000.
 B) Assets would have decreased $60,000.
 C) Assets would have increased $108,000.
 D) Assets would have decreased $108,000.
 E) None of the above.

**163)** If the liabilities of a company increased $74,000 during a period of time and equity in the company decreased $19,000 during the same period, what was the effect on the assets?

 A) Assets would have increased $55,000.
 B) Assets would have decreased $55,000.
 C) Assets would have increased $93,000.
 D) Assets would have decreased $93,000.
 E) None of the above.

**164)** If a company paid $38,000 of its accounts payable in cash, what was the effect on the accounting equation?

 A) Assets would decrease $38,000, liabilities would decrease $38,000, and equity would decrease $38,000.
 B) Assets would decrease $38,000, liabilities would decrease $38,000, and equity would increase $38,000.
 C) Assets would decrease $38,000, liabilities would decrease $38,000, and equity remains unchanged.
 D) There would be no effect on the accounts because the accounts are affected by the same amount.
 E) Assets would increase $38,000 and liabilities would decrease $38,000.

**165)** If assets are $373,000 and equity is $124,000, then liabilities are:

 A) $124,000.
 B) $249,000.
 C) $373,000.
 D) $497,000.
 E) $622,000.

**166)** If assets are $365,000 and equity is $120,000, then liabilities are:

 A) $120,000.
 B) $245,000.
 C) $365,000.
 D) $485,000.
 E) $610,000.

**167)** Rushing had net income of $172 million and average total assets of $1,880 million. Its return on assets (ROA) is:

 A) 9.1%.
 B) 91.5%.
 C) 11.0%.
 D) 109.0%.
 E) 18.3%.

**168)** Rushing had net income of $240 million and average total assets of $2,000 million. Its return on assets (ROA) is:

 A) 12%.
 B) 120%.
 C) 80%.
 D) 8%.
 E) 800%.

**169)** Cage Company had net income of $384 million and average total assets of $2,090 million. Its return on assets (ROA) is:

 A) 1.8%.
 B) 37.0%.
 C) 18.4%.
 D) 5.4%.
 E) 3.7%.

**170)** Cage Company had net income of $160 million and average total assets of $2,000 million. Its return on assets (ROA) is:

 A) 80%.
 B) 0.8%.
 C) 8%.
 D) 12.5%.
 E) 125%.

**171)** Speedy has net income of $20,955, and assets at the beginning of the year of $202,000. Assets at the end of the year total $248,000. Compute its return on assets.

 A) 8.4%.
 B) 9.3%.
 C) 10.4%.
 D) 11.6%.
 E) 13.6%.

**172)** Speedy has net income of $18,955, and assets at the beginning of the year of $200,000. Assets at the end of the year total $246,000. Compute its return on assets.

 A) 7.7%.
 B) 8.5%.
 C) 9.5%.
 D) 11.8%.
 E) 13.0%.

**173)** Chou Company has a net income of $49,000, assets at the beginning of the year are $256,000 and assets at the end of the year are $306,000. Compute its return on assets.

 A) 9.5%.
 B) 19.1%.
 C) 16.0%.
 D) 17.4%.
 E) 1.6%.

**174)** Chou Company has a net income of $43,000, assets at the beginning of the year are $250,000 and assets at the end of the year are $300,000. Compute its return on assets.

 A) 8.4%.
 B) 17.2%.
 C) 14.3%.
 D) 15.6%.
 E) 1.5%.

**175)** Return on assets (ROA) falls into which area of financial statement analysis.

 A) Liquidity and efficiency.
 B) Solvency.
 C) Profitability.
 D) Market prospects.
 E) Market research.

**176)** Equity is:

 A) Net income divided by average total assets.
 B) Equal to assets plus liabilities.
 C) The owner’s claim on assets.
 D) Increased by expenses.
 E) Decreased by revenue.

**177)** The statement of cash flows reports all of the following *except*:

 A) Cash flows from operating activities.
 B) Cash flows from investing activities.
 C) Cash flows from financing activities.
 D) The net increase or decrease in assets for the period reported.
 E) The net increase or decrease in cash for the period reported.

**178)** Which of the following is *not* a financial statement?

 A) Balance Sheet.
 B) Income Statement.
 C) Statement of Retained Earnings.
 D) Statement of Cash Flows.
 E) Statement of Changes in Assets.

**179)** The statement of retained earnings:

 A) Reports changes in equity due to stockholder investments.
 B) Reports changes in equity due to net income, net losses and dividends.
 C) Reports on cash flows for operating, financing, and investing activities over a period of time.
 D) Reports on cash flows for operating, financing, and investing activities at a point in time.
 E) Reports on amounts for assets, liabilities, and equity at a point in time.

**180)** The financial statement that reports whether the business earned a profit and also lists the revenues and expenses is called the:

 A) Balance sheet.
 B) Statement of retained earnings.
 C) Statement of cash flows.
 D) Income statement.
 E) Statement of financial position.

**181)** A balance sheet lists:

 A) The types and amounts of the revenues and expenses of a business.
 B) Only the information about what happened to equity during a time period.
 C) The types and amounts of assets, liabilities, and equity of a business as of a specific date.
 D) The inflows and outflows of cash during the period.
 E) The assets and liabilities of a company but not the stockholders’ equity.

**182)** A financial statement providing information that helps users understand a company's financial status, and which lists the types and amounts of assets, liabilities, and equity as of a specific date, is called a(n):

 A) Balance sheet.
 B) Income statement.
 C) Statement of cash flows.
 D) Statement of retained earnings.
 E) Financial Status Statement.

**183)** The financial statement that identifies a company’s cash inflows (receipts) and cash outflows (payments) over a period of time is the:

 A) Statement of financial position.
 B) Statement of cash flows.
 C) Balance sheet.
 D) Income statement.
 E) Statement of changes in stockholders’ equity.

**184)** The financial statement that shows the changes in equity that resulted from net income (or net loss); and dividends to stockholders is the:

 A) Statement of financial position.
 B) Statement of cash flows.
 C) Balance sheet.
 D) Income statement.
 E) Statement of retained earnings.

**185)** Cash investments by stockholders are listed on which of the following statements?

 A) Statement of retained earnings and income statement.
 B) Income statement only.
 C) Statement of retained earnings only.
 D) Statement of retained earnings and statement of cash flows.
 E) Statement of cash flows only.

**186)** Accounts payable appear on which of the following statements?

 A) Balance sheet.
 B) Income statement.
 C) Statement of retained earnings.
 D) Statement of cash flows.
 E) Transaction statement.

**187)** The income statement reports all of the following *except*:

 A) Revenues earned by a business.
 B) Expenses incurred by a business.
 C) Assets owned by a business.
 D) Net income or loss earned by a business.
 E) The time period over which the earnings occurred.

**188)** Use the following information as of December 31 to determine equity.

|  |  |
| --- | --- |
| **Cash** | $ 62,000 |
| **Buildings** | 180,000 |
| **Equipment** | 211,000 |
| **Liabilities** | 146,000 |

 A) $62,000.
 B) $146,000.
 C) $307,000.
 D) $453,000.
 E) $599,000.

**189)** Use the following information as of December 31 to determine equity.

|  |  |
| --- | --- |
| **Cash** | $ 57,000 |
| **Buildings** | 175,000 |
| **Equipment** | 206,000 |
| **Liabilities** | 141,000 |

 A) $57,000.
 B) $141,000.
 C) $297,000.
 D) $438,000.
 E) $579,000.

**190)** Use the following information for Meeker Corporation to determine the amount of equity to report.

|  |  |
| --- | --- |
| **Cash** | $ 84,000 |
| **Buildings** | 132,500 |
| **Land** | 224,200 |
| **Liabilities** | 139,000 |

 A) $36,700.
 B) $579,700.
 C) $301,700.
 D) $314,700.
 E) $440,700.
 F) $36,700.
 G) $301,700.

**191)** Use the following information for Meeker Corporation to determine the amount of equity to report.

|  |  |
| --- | --- |
| **Cash** | $ 70,000 |
| **Buildings** | 125,000 |
| **Land** | 205,000 |
| **Liabilities** | 130,000 |

 A) $20,000.
 B) $390,000.
 C) $530,000.
 D) $140,000.
 E) $270,000.

**192)** Determine the net income of a company for which the following information is available for the month of July.

|  |  |
| --- | --- |
| **Employee salaries expense** | $ 200,000 |
| **Interest expense** | 30,000 |
| **Rent expense** | 40,000 |
| **Consulting revenue** | 480,000 |

 A) $210,000.
 B) $270,000.
 C) $290,000.
 D) $480,000.
 E) $750,000.

**193)** Determine the net income of a company for which the following information is available for the month of July.

|  |  |
| --- | --- |
| **Employee salaries expense** | $ 180,000 |
| **Interest expense** | 10,000 |
| **Rent expense** | 20,000 |
| **Consulting revenue** | 400,000 |

 A) $190,000.
 B) $210,000.
 C) $230,000.
 D) $400,000.
 E) $610,000.

**194)** Determine the net income of a company for which the following information is available for the month of September.

|  |  |
| --- | --- |
| **Service revenue** | $ 300,000 |
| **Rent expense** | 48,000 |
| **Utilities expense** | 3,200 |
| **Salaries expense** | 81,000 |

 A) $263,800.
 B) $432,200.
 C) $171,000.
 D) $167,800.
 E) $252,000.

**195)** A company purchases equipment for $75,000 cash. This represents a(n):

 A) Operating activity.
 B) Investing activity.
 C) Financing activity.
 D) Revenue activity.
 E) Expense activity.

**196)** A company borrows $125,000 from the Northern Bank and receives the loan proceeds in cash. This represents a(n):

 A) Revenue activity.
 B) Operating activity.
 C) Expense activity.
 D) Investing activity.
 E) Financing activity.

**197)** Zippy had cash inflows from operations of $67,500; cash outflows from investing activities of $52,000; and cash inflows from financing of $30,000. The net change in cash was:

 A) $45,500 increase.
 B) $45,500 decrease.
 C) $149,500 decrease.
 D) $149,500 increase.
 E) $14,500 decrease.

**198)** Zippy had cash inflows from operations of $60,500; cash outflows from investing activities of $47,000; and cash inflows from financing of $25,000. The net change in cash was:

 A) $38,500 increase.
 B) $38,500 decrease.
 C) $132,500 decrease.
 D) $132,000 increase.
 E) $11,500 decrease.

**199)** Zapper has beginning equity of $273,000, net income of $59,000, dividends paid of $48,000 and stockholder investments of $14,000. Its ending total equity as reported on the balance sheet is:

 A) $239,000.
 B) $248,000.
 C) $284,000.
 D) $298,000.
 E) $366,000.

**200)** Zapper has beginning equity of $257,000, net income of $51,000, dividends paid of $40,000 and stockholder investments of $6,000. Its ending total equity as reported on the balance sheet is:

 A) $223,000.
 B) $240,000.
 C) $268,000.
 D) $274,000.
 E) $208,000.

**201)** Cragmont has beginning equity of $277,000, net income of $63,000, dividends of $25,000 and no additional investments by stockholders during the period. Its ending equity is:

 A) $365,000.
 B) $239,000.
 C) $189,000.
 D) $315,000.
 E) $277,000.

**202)** Rent expense appears on which of the following statements?

 A) Balance sheet.
 B) Income statement.
 C) Statement of retained earnings.
 D) Income statement and balance sheet.
 E) Statement of cash flows and balance sheet.

**203)** A company's balance sheet shows: cash $54,000, accounts receivable $32,000, office equipment $66,000, and accounts payable $33,000. What is the amount of stockholders’ equity?

 A) $33,000.
 B) $45,000.
 C) $119,000.
 D) $152,000.
 E) $185,000.

**204)** A company's balance sheet shows: cash $22,000, accounts receivable $16,000, office equipment $50,000, and accounts payable $17,000. What is the amount of stockholders’ equity?

 A) $17,000.
 B) $29,000.
 C) $71,000.
 D) $88,000.
 E) $105,000.

**205)** A company reported total equity of $183,000 at the beginning of the year. The company reported $248,000 in revenues and $184,000 in expenses for the year. Liabilities at the end of the year totaled $111,000. What are the total assets of the company at the end of the year?

 A) $64,000.
 B) $111,000.
 C) $136,000.
 D) $248,000.
 E) $358,000.

**206)** A company reported total equity of $145,000 at the beginning of the year. The company reported $210,000 in revenues and $165,000 in expenses for the year. Liabilities at the end of the year totaled $92,000. What are the total assets of the company at the end of the year?

 A) $45,000.
 B) $92,000.
 C) $98,000.
 D) $210,000.
 E) $282,000.

**207)** Flitter reported net income of $23,000 for the past year. At the beginning of the year the company had $211,000 in assets and $61,000 in liabilities. By the end of the year, assets had increased to $311,000 and liabilities were $86,000. Calculate its return on assets:

 A) 10.9%.
 B) 8.8%.
 C) 7.4%.
 D) 35.6%.
 E) 25.8%.

**208)** Flitter reported net income of $17,500 for the past year. At the beginning of the year the company had $200,000 in assets and $50,000 in liabilities. By the end of the year, assets had increased to $300,000 and liabilities were $75,000. Calculate its return on assets:

 A) 8.8%.
 B) 7.0%.
 C) 5.8%.
 D) 35.0%.
 E) 23.3%.

**209)** Dawson Electronic Services had revenues of $96,000 and expenses of $58,000 for the year. Its assets at the beginning of the year were $408,000. At the end of the year assets were worth $458,000. Calculate its return on assets.

 A) 8.8%.
 B) 9.3%.
 C) 8.3%.
 D) 23.5%.
 E) 22.2%.

**210)** Dawson Electronic Services had revenues of $80,000 and expenses of $50,000 for the year. Its assets at the beginning of the year were $400,000. At the end of the year assets were worth $450,000. Calculate its return on assets.

 A) 7.1%.
 B) 7.5%.
 C) 6.7%.
 D) 20.0%.
 E) 18.8%.

**211)** Rico’s Taqueria had cash inflows from operating activities of $42,000; cash outflows from investing activities of $37,000, and cash outflows from financing activities of $27,000. Calculate the net increase or decrease in cash.

 A) $106,000 increase.
 B) $52,000 increase.
 C) $22,000 decrease.
 D) $22,000 increase.
 E) $64,000 decrease.

**212)** Rico's Taqueria had cash inflows from operating activities of $27,000; cash outflows from investing activities of $22,000, and cash outflows from financing activities of $12,000. Calculate the net increase or decrease in cash.

 A) $61,000 increase.
 B) $37,000 increase.
 C) $7,000 decrease.
 D) $7,000 increase.
 E) $34,000 decrease.

**213)** Charlie's Chocolates' had stock issuances of $54,000 and dividends of $22,000. The company has revenues of $87,000 and expenses of $66,000. Calculate its net income.

 A) $32,000.
 B) $87,000.
 C) $66,000.
 D) $21,000.
 E) $53,000.

**214)**  Charlie’s Chocolates’ had stock issuances of $50,000 and dividends of $20,000. The company has revenues of $83,000 and expenses of $64,000. Calculate its net income.

 A) $30,000.
 B) $83,000.
 C) $64,000.
 D) $19,000.
 E) $49,000.

**215)** Savvy Sightseeing had beginning equity of $87,000; revenues of $135,000, expenses of $80,000, and dividends to stockholders of $10,500; there were no stock issuances. Calculate the ending equity.

 A) $131,500.
 B) $55,000.
 C) $142,000.
 D) $21,500.
 E) $32,000.

**216)** Savvy Sightseeing had beginning equity of $72,000; revenues of $90,000, expenses of $65,000, and dividends to stockholders of $9,000; there were no stock issuances. Calculate the ending equity.

 A) $88,000.
 B) $25,000.
 C) $97,000.
 D) $38,000.
 E) $47,000.

**217)** WorkFit had beginning equity of $52,000; net income of $35,000, and dividends of $12,000. There were no stockholder investments during the year. Calculate the ending equity.

 A) $(5,000).
 B) $29,000.
 C) $5,000.
 D) $99,000.
 E) $75,000.

**218)** A company's balance sheet shows: cash $34,000, accounts receivable $40,000, equipment $70,000, and equity $82,000. What is the amount of liabilities?

 A) $144,000.
 B) $126,000.
 C) $62,000.
 D) $78,000.
 E) $226,000.

**219)** A company's balance sheet shows: cash $24,000, accounts receivable $30,000, equipment $50,000, and equity $72,000. What is the amount of liabilities?

 A) $104,000.
 B) $76,000.
 C) $32,000.
 D) $68,000.
 E) $176,000.

**220)** If a company has excess space in its building that it rents to another company for $700, what is the effect on the accounting equation during the first month?

 A) Assets would decrease $700 and liabilities would decrease $700.
 B) Assets would decrease $700 and equity would increase $700.
 C) Assets would increase $700 and equity would decrease $700.
 D) Assets would increase $700 and equity would increase $700.
 E) Liabilities would decrease $700 and equity would increase $700.

**221)** All of the following are classified as assets *except*:

 A) Accounts Receivable.
 B) Supplies.
 C) Equipment.
 D) Accounts Payable.
 E) Land.

**222)** Which of the following accounts is not included in the calculation of a company's ending retained earnings?

 A) Revenues.
 B) Expenses.
 C) Dividends.
 D) Beginning Retained Earnings.
 E) Cash.

**223)** All of the following are classified as liabilities *except*:

 A) Accounts Receivable.
 B) Notes Payable.
 C) Wages Payable.
 D) Accounts Payable.
 E) Taxes Payable.

**224)** Billington Corporation borrows $80,000 cash from U.S. Bank. How does this transaction affect the accounting equation for Billington?

 A) Assets would decrease $80,000 and liabilities would decrease $80,000.
 B) Assets would decrease $80,000 and equity would increase $80,000.
 C) Assets would increase $80,000 and equity would decrease $80,000.
 D) Assets would increase $80,000 and liabilities would increase $80,000.
 E) Liabilities would decrease $80,000 and equity would increase $80,000.

**225)** If the assets of a company increase by $55,000 during the year and its liabilities increase by $25,000 during the same year, then the change in equity of the company during the year must have been:

 A) An increase of $80,000.
 B) A decrease of $80,000.
 C) An increase of $30,000.
 D) A decrease of $30,000.
 E) An increase of $25,000.

**226)** All of the following are classified as assets *except*:

 A) Accounts Payable.
 B) Accounts Receivable.
 C) Cash.
 D) Supplies.
 E) Prepaid Insurance.

**227)** Grandmark Printing pays the current month’s rent of $2,000 to the landlord of the building where its facilities are located. How does this transaction affect the accounting equation for Grandmark?

 A) Assets would decrease $2,000 and liabilities would decrease $2,000.
 B) Assets would decrease $2,000 and equity would decrease $2,000.
 C) Assets would increase $2,000 and equity would increase $2,000.
 D) Assets would increase $2,000 and liabilities would increase $2,000.
 E) Liabilities would decrease $2,000 and equity would increase $2,000.

**228)** Atkins Company collected $1,750 as payment for the amount owed by a customer from services provided the prior month on credit. How does this transaction affect the accounting equation for Atkins?

 A) Assets would decrease $1,750 and liabilities would decrease $1,750.
 B) One asset would increase $1,750 and a different asset would decrease $1,750, causing no net change in the accounting equation.
 C) Assets would increase $1,750 and equity would increase $1,750.
 D) Assets would increase $1,750 and liabilities would increase $1,750.
 E) Liabilities would decrease $1,750 and equity would increase $1,750.

**229)** The accounting equation for Ying Company shows a decrease in its assets and a decrease in its equity. Which of the following transactions could have caused that effect?

 A) Cash was received from providing services to a customer.
 B) The company paid an amount due on credit.
 C) Equipment was purchased for cash.
 D) A utility bill was received for the current month, to be paid in the following month.
 E) Advertising expense for the month was paid in cash.

**230)** The accounting equation for Long Company shows an increase in its assets and an increase in its liabilities. Which of the following transactions could have caused that effect?

 A) Cash was received from providing services to a customer.
 B) Cash was received as a stockholder investment.
 C) Equipment was purchased on credit.
 D) Supplies were purchased for cash.
 E) Advertising expense for the month was paid in cash.

**231)** The expense recognition principle, also called the matching principle:

 A) Prescribes that accounting information is based on actual cost.
 B) Provides guidance on when a company must recognize revenue.
 C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
 D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
 E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

**232)** The measurement principle, also called the cost principle:

 A) Prescribes that accounting information is based on actual cost.
 B) Provides guidance on when a company must recognize revenue.
 C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
 D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
 E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

**233)** The revenue recognition principle:

 A) Prescribes that accounting information is based on actual cost.
 B) Provides guidance on when a company must recognize revenue.
 C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
 D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
 E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

**234)** The full disclosure principle:

 A) Prescribes that accounting information is based on actual cost.
 B) Provides guidance on when a company must recognize revenue.
 C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
 D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
 E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

**235)** The cost-benefit constraint:

 A) Prescribes that accounting information is based on actual cost.
 B) Provides guidance on when a company must recognize revenue.
 C) Says that information disclosed by an entity must have benefits to the user that are greater than the costs of providing it.
 D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
 E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

**236)** The going concern assumption:

 A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.
 B) Means that we can express transactions and events in monetary, or money, units.
 C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.
 D) Means that a business is accounted for separately from other business entities, including its owner.
 E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

**237)** The monetary unit assumption:

 A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.
 B) Means that transactions and events are expressed in monetary, or money, units.
 C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.
 D) Means that a business is accounted for separately from other business entities, including its owner.
 E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

**238)** The time period assumption:

 A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.
 B) Means that transactions and events are expressed in monetary, or money, units.
 C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.
 D) Means that a business is accounted for separately from other business entities, including its owner.
 E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

**239)** The business entity assumption:

 A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.
 B) Means that transactions and events are expressed in monetary, or money, units.
 C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.
 D) Means that a business is accounted for separately from other business entities, including its owner.
 E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

**240)** Internal controls are:

 A) Beliefs that separate right from wrong.
 B) Procedures to protect assets, ensure reliable accounting, promote efficiency, and uphold company policies.
 C) An example of a general principle.
 D) An example of a specific principle.
 E) The same across all companies.

**241)** The Financial Accounting Standards Board (FASB) is given the task of setting GAAP from the:

 A) U.S. State Department.
 B) Securities and Exchange Commission (SEC).
 C) International Accounting Standards Board (IASB).
 D) International Financial Reporting Standards (IFRS).
 E) American Institute of Certified Public Accountants (AICPA).

**242)** Which of the following accounts is not included in the asset section of the balance sheet?

 A) Cash.
 B) Accounts receivable.
 C) Supplies.
 D) Land.
 E) Services revenue.

**243)** Which of the following accounts is not included in the asset section of the balance sheet?

 A) Buildings.
 B) Wages expense.
 C) Supplies.
 D) Land.
 E) Furniture.

**244)** Which of the following accounts is *not* included in the liabilities section of the balance sheet?

 A) Accounts receivable.
 B) Wages payable.
 C) Accounts payable.
 D) Notes payable.
 E) Taxes payable.

**245)** Which of the following accounts is *not* included in the calculation of net income?

 A) Services revenue.
 B) Wages expense.
 C) Rent expense.
 D) Cash.
 E) Rent revenue.

**246)** Which of the following combinations results in a net loss reported on the income statement?

 A) Total revenues of $80,000 and total expenses of $74,000.
 B) Total revenues of $70,000 and total expenses of $74,000.
 C) Total revenues of $60,000 and total expenses of $52,000.
 D) Total revenues of $20,000 and total expenses of $16,000.
 E) Total revenues of $40,000 and total expenses of $31,000.

**247)** Which of the following combinations results does not result in $20,000 of net income reported on the income statement?

 A) Total revenues of $80,000 and total expenses of $60,000.
 B) Total revenues of $170,000 and total expenses of $150,000.
 C) Total revenues of $60,000 and total expenses of $40,000.
 D) Total revenues of $70,000 and total expenses of $60,000.
 E) Total revenues of $40,000 and total expenses of $20,000.

**FILL IN THE BLANK. Write the word or phrase that best completes each statement or answers the question.
248)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is an information and measurement system that identifies, records and communicates an organization’s business activities.

**249)** A \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a business that is owned by only one person and has unlimited liability.

**250)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ users of accounting information do not directly run an organization and have limited access to its accounting information.

**251)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the area of accounting that focuses on the needs of external users by providing them with general-purpose financial statements.

**252)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are procedures to protect assets, ensure reliable accounting, promote efficiency, and uphold company policies.

**253)** \_\_\_\_\_\_\_\_\_ are beliefs that separate right from wrong and are considered accepted standards of good and bad behavior.

**254)** The assumption that requires that a business be accounted for separately from other business entities and its owner(s) is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ assumption.

**255)** The \_\_\_\_\_\_\_\_\_\_\_\_\_\_ assumption assumes that a business will continue operating instead of being closed or sold.

**256)** The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ assumption states that transactions and events are expressed in monetary, or money, units.

**257)** The principle that requires that accounting information be based on actual cost is the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**258)** A disadvantage of a sole proprietorship is the fact that the owner has \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**259)** There are three sections of the statement of cash flows. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ activities involve the long-term borrowing and repaying of cash from lenders.

**260)** There are three sections of the statement of cash flows. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ activities involve buying and selling assets such as land and equipment that are held for long-term use.

**261)** There are three sections of the statement of cash flows. \_\_\_\_\_\_\_\_\_\_\_\_\_\_ activities include payments for salaries, insurance, and rent.

**262)** Outflows of cash and other assets to owners that reduce equity are \_\_\_\_\_\_\_\_\_\_\_\_.

**263)** \_\_\_\_\_\_\_\_\_\_\_\_ are the increases in equity from a company’s sales of products and services to customers.

**264)** A common characteristic of \_\_\_\_\_\_\_\_\_\_ is the expectation that they will yield future benefits.

**265)** Creditors’ claims on assets that reflect company obligations to provide assets, products, or services to others are called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**266)** The stockholders’ claim on assets, also known as net assets, is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**267)** The accounting equation is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**268)** The term \_\_\_\_\_\_\_\_\_\_\_ refers to a liability that promises a future outflow of resources.

**269)** Using the accounting equation, equity is equal to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**270)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the recording of transactions and events.

**271)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is net income divided by average total assets.

**272)** Return on assets is\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ divided by average total assets.

**273)** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ reports changes in the stockholders’ claim on the business’s assets from net income or loss and dividends over a period of time.

**274)** The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ describes a company’s revenues and expenses along with the resulting net income or net loss over a period of time due to earnings activities.

**SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.
275)** Explain the role of accounting in the information age.

**276)** What is the balance sheet? What is its purpose?

**277)** Identify the users and uses of accounting information.

**278)** Identify several opportunities in accounting and distinguish between private accounting and public accounting.

**279)** Explain why ethics are an integral part of accounting.

**280)** Describe the two important guidelines for revenue recognition.

**281)** Identify the four basic forms of business organizations and their key attributes.

**282)** Identify and describe the two main groups involved in establishing generally accepted accounting principles.

**283)** How does the going-concern principle affect reporting asset values of a business?

**284)** Describe the income statement and the relation between revenues, expenses, and net income or loss.

**285)** Explain the accounting equation and define its terms.

**286)** What distinguishes liabilities from equity?

**287)** What is the purpose of return on assets as an analytical tool?

**288)** Explain the cost-benefit constraint.

**289)** Describe the three types of activities reported on the statement of cash flows.

**290)** Identify and describe the four basic financial statements:

**ESSAY. Write your answer in the space provided or on a separate sheet of paper.
291)** The characteristics below apply to at least one of the forms of business organization.

 a. Is a separate legal entity.
 b. Is allowed to be owned by one person only.
 c. Owner or owners are personally liable for debts of the business.
 d. Is subject to an additional business income tax.
 e. Has an unlimited life

 Use the following format to indicate (with a “yes” or “no”) whether or not a characteristic applies to each type of business organization.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Proprietorship** | **Partnership** | **Corporation** | **LLC** |
| **a.** |  |  |  |  |
| **b.** |  |  |  |  |
| **c.** |  |  |  |  |
| **d.** |  |  |  |  |
| **e.** |  |  |  |  |

**292)** A parcel of land is offered for sale at $600,000, is recognized by its purchasers as easily being worth $575,000 and is sold for $570,000. At what amount should the land be recorded in the purchaser’s books? What accounting principle supports your answer?

**293)** You are reviewing the accounting records of Buddy’s Foreign Automotive, owned by a Bruce Jones. You have uncovered the following situations. List the appropriate accounting principle or assumption related to each independent scenario and suggest a correct action for each.

 1. In August, a check for $500 was written to Community Sports. This amount represents soccer camp for his daughter Cassie.
 2. Bruce plans a Going Out of Business Sale for June, since he will be closing the business for a month-long vacation in July. He plans to reopen August 1 and will continue operating Buddy’s Foreign Automotive indefinitely.
 3. Buddy received a shipment of tools from Ontario, Canada. The invoice was stated in Canadian dollars.
 4. Customer Sandy Lane paid $1,500 to Buddy for a major repair services. The amount was recorded by Buddy as revenue. The parts for the repair must be ordered from overseas and the service won’t be complete until the following month.

**294)** At the beginning of the year, a company had $120,000 worth of liabilities. During the year, assets increased by $160,000 and at year-end they equaled $360,000. Liabilities decreased $20,000 during the year. Calculate the beginning and ending values of equity.

**295)** At the beginning of the period, a company had $350,000 worth of assets, $110,000 worth of liabilities, and $240,000 worth of equity. Assume the only change during the period was a $30,000 purchase of equipment by issuing a note payable. Show the accounting equation with the appropriate amounts at the end of the period.

**296)** The accounts of Odie Company had the following increases and decreases during the past year:

|  |  |  |
| --- | --- | --- |
| **Account** | **Increase** | **Decrease** |
| Cash | $ 25,000 |  |
| Accounts receivable |  | $ (5,000) |
| Accounts payable |  | (11,000) |
| Notes payable | 16,000 |  |

 Except for net income, an investment of $3,000 by stockholders, and a cash dividend of $11,000 to stockholders, no other items affected stockholders’ equity. Using the balance sheet equation, compute net income for the past year.

**297)** The accounts of Mason Company at the end of the past year report the following amounts:

|  |  |
| --- | --- |
| **Accounts** | **Amount** |
| Dividends | $ 15,500 |
| Revenues | $ 97,000 |
| Expenses | $ 43,800 |
| Stock issuances | 2,000 |

 If the beginning equity for the year was $173,000, calculate the ending equity for Mason Company.

**298)** Cornelia’s Closet has the following assets and liabilities for the dates given:

|  |  |  |
| --- | --- | --- |
|  | **October 1** | **October 31** |
| **Cash** | $ 40,000 | $ 60,000 |
| **Accounts Receivable** | 40,000 | 38,000 |
| **Accounts Payable** | 6,000 | ? |

 Also, its net income, for October 1 through October 31 was $20,000 and there were no stock issuances or dividends. Determine the equity at both October 1 and October 31.

**299)** If the liabilities of a company increased $92,000 during a period of time and equity in the business decreased $30,000 during the same period, did the assets of the company increase or decrease? By what amount?

**300)** Soo Lin, the sole owner, began Internet Consulting and completed these transactions during April of the current year:

|  |  |
| --- | --- |
| **April 1** | Invested $100,000 of her personal savings into a checking account opened in the name of the business in exchange for common stock. |
| **April 2** | Rented office space and paid $1,200 cash for the month of September. |
| **April 3** | Purchased office equipment for $30,000, paying $8,000 cash and agreeing to pay the balance in one year. |
| **April 4** | Purchased office supplies for $750 cash. |
| **April 8** | Completed work for a client and immediately collected $2,700 cash for the services. |
| **April 15** | Completed $3,600 services for a client on credit. |
| **April 20** | Received $3,600 from a client for the work completed on September 15. |
| **April 30** | Paid the office secretary’s monthly salary, $3,000 cash. |
| **April 30** | The company paid $2,000 in cash dividends to Lin. |

 Show the effects of the above transactions on the components of the accounting equation. Use the following format for your answers. The first item is shown as an example.
 Increase = I Decrease = D No effect = N

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Assets** | **Liabilities** | **Equity** |
| Example: |  |  |  |
| April 1 | I | N | I |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**301)** For each of the following transactions, identify the effects as reflected in the accounting equation. Use “+” to indicate an increase and “−” to indicate a decrease. Use “A”, “L”, and “E” to indicate assets, liabilities, and equity, respectively. Part A has been completed as an example.

|  |  |  |
| --- | --- | --- |
| **a. L. Chester invested $100,000 in a corporation in exchange for common stock.** | +A | +E |
| **b. Land was purchased for $50,000. A down payment of $15,000 cash was made and a note was signed for the balance.** |  |  |
| **c. Services were rendered to customers for cash.** |  |  |
| **d. A building was purchased for cash.** |  |  |
| **e. Supplies were purchased for cash.** |  |  |
| **f. Paid the office secretary’s salary.** |  |  |
| **g. The amount owed on the land from Part (b) was paid.** |  |  |

**302)** The following schedule reflects shows the first month’s transactions of the Green Construction Company, owned by Jennifer Green, its sole stockholder:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Cash** | **+** | **Accounts Receivable** | **+** | **Supplies** | **+** | **Equipment** | **=** | **Accounts Payable** | **+** | **Stockholder’s Equity** |
| **1.** | +20,000 |  |  |  |  |  |  |  |  |  | +20,000 |
| **2.** | −5,000 |  |  |  |  |  | +5,000 |  |  |  |  |
| **3.** |  |  |  |  | +$1,500 |  |  |  | +1,500 |  |  |
| **4.** | +3,000 |  |  |  |  |  |  |  |  |  | +3,000 |
| **5.** | +1,000 |  | +1,500 |  |  |  |  |  |  |  | +2,500 |
| **6.** | −750 |  |  |  |  |  |  |  | −750 |  |  |
| **7.** | +500 |  | −500 |  |  |  |  |  |  |  |  |
| **8.** | −1,200 |  |  |  | +1,200 |  |  |  |  |  |  |
| **9.** | −2,000 |  |  |  |  |  |  |  |  |  | −2,000 |

 Provide descriptions for each transaction.

**303)** The accountant of Action Adventure Games prepared a balance sheet after every 10-day period. The only resources invested by the stockholder were at the start of the company on June 1. During June, the first month of operation, the following balance sheets were prepared:

|  |
| --- |
| ACTION ADVENTURE GAMES |
| Balance Sheet |
| June 10 |
| **Assets** |  | **Equity** |  |
| **Cash** | $ 60,000 | **Common stock** | $ 60,000 |
| **Total assets** | $ 60,000 | **Total liabilities and equity** | $ 60,000 |

|  |
| --- |
| ACTION ADVENTURE GAMES |
| Balance Sheet |
| June 20 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 48,000 | **Notes payable** | $ 18,000 |
| **Land** | 10,000 | **Equity** |  |
| **Building** | 20,000 | **Common stock** | 60,000 |
| **Total assets** | $ 78,000 | **Total liabilities and equity** | $ 78,000 |

|  |
| --- |
| ACTION ADVENTURE GAMES |
| Balance Sheet |
| June 30 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 51,000 | **Accounts payable** | $ 2,000 |
| **Office supplies** | 2,000 | **Notes payable** | 18,000 |
| **Land** | 10,000 | **Equity** |  |
| **Building** | 20,000 | **Common stock** | 60,000 |
|  |  | **Retained earnings** | 3,000 |
| **Total assets** | $ 83,000 | **Total liabilities and equity** | $ 83,000 |

 Required: Describe the nature of each of the four transactions that took place between the balance sheet dates shown. Assume only one transaction affected each account.

|  |  |
| --- | --- |
| **June 10** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **June 20** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| **June 30** | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |

**304)** Compute the return on assets (ROA) for each of the following separate examples.

 a. Net income equals $5,000; Average total assets equals $25,000.
 b. Net income equals $1,200; Average total assets equals $12,000.
 c. Net income equals $8,000; Average total assets equals $160,000.

**305)** Prepare an April 30 balance sheet in proper form for Two Rivers Vending Service from the following alphabetical list of the accounts at April 30:

|  |  |
| --- | --- |
| **Accounts receivable** | $ 10,000 |
| **Accounts payable** | 18,000 |
| **Building** | 28,000 |
| **Cash** | 10,000 |
| **Common Stock** | 20,000 |
| **Notes payable** | 47,000 |
| **Office equipment** | 12,000 |
| **Retained earnings** | ? |
| **Trucks** | 55,000 |

**306)** Prepare a December 31 balance sheet in proper form for Smokey River Supplies from the following list of the accounts:

|  |  |
| --- | --- |
| **Cash** | $ 10,000 |
| **Accounts receivable** | 8,000 |
| **Supplies** | 12,000 |
| **Equipment** | 35,000 |
| **Land** | 18,000 |
| **Accounts payable** | 13,000 |
| **Notes payable** | 41,000 |
| **Common stock** | 20,000 |
| **Retained earnings** | 9,000 |

**307)** Prepare a December 31 balance sheet in proper form for Cane Property Management using the following accounts and amounts (some accounts may not be used):

|  |  |
| --- | --- |
| **Commissions earned** | $ 40,000 |
| **Accounts payable** | 3,500 |
| **Accounts receivable** | 5,000 |
| **Common stock** | 60,000 |
| **Retained earnings** | 44,500 |
| **Office equipment** | 10,000 |
| **Advertising expense** | 3,200 |
| **Cash** | 7,500 |
| **Land** | 35,000 |
| **Notes payable** | 50,000 |
| **Office supplies** | 1,500 |
| **Salaries expense** | 12,000 |
| **Salaries payable** | 1,000 |
| **Building** | 1,00,000 |

**308)** From the information given below, prepare a November income statement, a November statement of retained earnings, and a November 30 balance sheet. On November 1 of the current year, Victoria Garza, the sole owner, began Garza Décor with an initial investment of $50,000 cash. On November 30, her records showed the following (alphabetically arranged) items and amounts.

|  |  |
| --- | --- |
| **Accounts payable** | $ 12,000 |
| **Accounts receivable** | 19,000 |
| **Cash** | 21,200 |
| **Dividends** | 6,000 |
| **Fees earned** | 34,000 |
| **Notes payable** | 4,250 |
| **Office furnishings** | 40,000 |
| **Rent expense** | 9,600 |
| **Salaries expense** | 4,200 |
| **Telephone expense** | 250 |

**309)** Data for Kennedy Realty are as follows:

|  |  |
| --- | --- |
| **Total assets at January 1** | $ 100,000 |
| **Total liabilities at January 1** | 35,000 |
| **Total revenues for the year** | 79,000 |
| **Total expenses for the year** | 47,000 |

 Dividends of $30,000 were paid during the year. There were no stockholder investments. Using the above data, prepare Kennedy Realty’s Statement of Retained Earnings for the year ended December 31.

**310)** Jet Styling has the following beginning cash balance and cash transactions for the month of January. Using this information prepare a statement of cash flows.

|  |  |
| --- | --- |
| **a. Beginning cash balance** | $ 3,200 |
| **b. Cash investment by stockholders** | 15,000 |
| **c. Cash payment toward long-term loan** | 1,000 |
| **d. Cash payment of rent** | 1,800 |
| **e. Purchased equipment for cash** | 7,500 |
| **f. Purchased store supplies for cash** | 1,500 |
| **g. Cash collected from customers** | 7,750 |
| **h. Dividends** | 2,000 |
| **i. Cash payment of wages** | 4,000 |

**311)** At the end of its first year of operations, the records of Roadmaster Auto Rentals show the following information. $52,000 of cash dividends were paid during the year. Prepare a December income statement, a December statement of retained earnings, and a December 31 balance sheet.

|  |  |
| --- | --- |
| **Accounts payable** | $ 36,000 |
| **Insurance expense** | 2,000 |
| **Accounts receivable** | 24,000 |
| **Common stock** | 150,000 |
| **Airplanes** | 150,000 |
| **Notes payable** | 47,000 |
| **Hangar** | 60,000 |
| **Wages expense** | 75,000 |
| **Advertising expense** | 22,000 |
| **Cash** | 11,000 |
| **Office furniture** | 15,000 |
| **Maintenance expense** | 39,000 |
| **Revenues** | 217,000 |

**312)** Verity Siding Company, owned by S. Verity, its sole stockholder, began operations in May and completed the following transactions during that first month of operations. Show the effects of the transactions on the accounts of the accounting equation by recording increases and decreases in the appropriate columns in the table below. Do not determine new account balances after each transaction. Determine the final total for each account and verify that the equation is in balance.

|  |  |
| --- | --- |
| **May 1** | S. Verity invested $90,000 cash in the company in exchange for common stock. |
| **May 2** | The company purchased $25,000 in office equipment. It paid $10,000 in cash and signed a note payable promising to pay the $15,000 over the next three years. |
| **May 2** | The company rented office space and paid $3,000 for the May rent. |
| **May 6** | The company installed new vinyl siding for a customer and immediately collected $5,000. |
| **May 7** | The company paid a supplier $2,000 for siding materials used on the May 6 job. |
| **May 8** | The company purchased a $2,500 copy machine for office use on credit. |
| **May 9** | The company completed work for additional customers on credit in the amount of $16,000. |
| **May 15** | The company paid its employees’ salaries $2,300 for the first half of the month. |
| **May 17** | The company installed new siding for a customer and immediately collected $2,400. |
| **May 20** | The company received $10,000 in payments from the customers billed on May 9. |
| **May 28** | The company paid $1,500 on the copy machine purchased on May 8. It will pay the remaining balance in June. |
| **May 31** | The company paid its employees’ salaries $2,400 for the second half of the month. |
| **May 31** | The company paid a supplier $5,300 for siding materials used on the remaining jobs completed during May. |
| **May 31** | The company paid $450 for this month’s utility bill. |

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Assets =** | **Liabilities +** | **Equity** |
| **Date** | **Cash** | **Receivable** | **Equipment** | **Accounts Payable** | **Notes Payable** | **Common Stock** | **Dividends** | **Revenues** | **Expenses** |
| **May 1** |  |  |  |  |  |  |  |  |  |
| **May 2** |  |  |  |  |  |  |  |  |  |
| **May 2** |  |  |  |  |  |  |  |  |  |
| **May 6** |  |  |  |  |  |  |  |  |  |
| **May 7** |  |  |  |  |  |  |  |  |  |
| **May 8** |  |  |  |  |  |  |  |  |  |
| **May 9** |  |  |  |  |  |  |  |  |  |
| **May 15** |  |  |  |  |  |  |  |  |  |
| **May 17** |  |  |  |  |  |  |  |  |  |
| **May 20** |  |  |  |  |  |  |  |  |  |
| **May 28** |  |  |  |  |  |  |  |  |  |
| **May 31** |  |  |  |  |  |  |  |  |  |
| **May 31** |  |  |  |  |  |  |  |  |  |
| **May 31** |  |  |  |  |  |  |  |  |  |
|  | $ | $ | $ | $ | $ | $ | $ | $ | $ |

**Answer Key**Test name: Chap 01

1) TRUE

2) TRUE

3) TRUE

4) TRUE

5) FALSE

6) TRUE

7) TRUE

8) TRUE

9) TRUE

10) FALSE

11) TRUE

12) FALSE

13) FALSE

14) TRUE

15) TRUE

16) TRUE

17) TRUE

18) FALSE

19) FALSE

20) TRUE

21) FALSE

22) TRUE

23) TRUE

24) FALSE

25) FALSE

26) TRUE

27) FALSE

28) FALSE

29) FALSE

30) TRUE

31) TRUE

32) TRUE

33) FALSE

34) FALSE

35) TRUE

36) FALSE

37) TRUE

38) TRUE

39) FALSE

40) TRUE

41) TRUE

42) TRUE

43) TRUE

44) FALSE

45) TRUE

46) FALSE

47) TRUE

48) FALSE

49) TRUE

50) FALSE

51) TRUE

52) FALSE

53) TRUE

54) FALSE

55) FALSE

56) TRUE

57) FALSE

58) FALSE

59) FALSE

60) FALSE

61) FALSE

62) TRUE

63) TRUE

64) TRUE

65) TRUE

66) FALSE

67) FALSE

68) TRUE

69) TRUE

70) FALSE

71) FALSE

72) TRUE

73) FALSE

74) FALSE

75) FALSE

76) TRUE

77) TRUE

78) FALSE

79) FALSE

80) FALSE

81) TRUE

82) FALSE

83) FALSE

84) TRUE

85) TRUE

86) D

87) C

88) B

89) B

90) C

91) E

92) D

93) C

94) A

95) B

96) B

97) B

98) A

99) B

100) B

101) C

102) B

103) C

104) A

105) C

106) E

107) D

108) A

109) B

110) C

111) B

112) D

113) D

114) C

115) B

116) B

117) E

118) E

119) D

120) D

121) B

122) B

123) E

124) C

125) D

126) D

127) D

128) A

129) A

130) A

131) B

132) C

133) E

134) D

135) B

136) D

137) B

138) B

139) C

140) C

141) B

142) A

143) C

144) C

145) D

146) D

147) C

148) B

149) B

150) C

151) B

152) B

153) D

154) D

155) E

156) E

157) C

158) D

159) D

160) A

161) A

162) A

163) A

164) C

165) B

166) B

167) A

168) A

169) C

170) C

171) B

172) B

173) D

174) D

175) C

176) C

177) D

178) E

179) B

180) D

181) C

182) A

183) B

184) E

185) E

186) A

187) C

188) C

189) C

190) C
190) G
190) C
190) G

191) A
191) E
191) A
191) E

192) A

193) A

194) D

195) B

196) E

197) A

198) A

199) D

200) D

201) D

202) B

203) C

204) C

205) E

206) E

207) B

208) B

209) A

210) A

211) C

212) C

213) D

214) D

215) A

216) A

217) E

218) C

219) C

220) D

221) D

222) E

223) A

224) D

225) C

226) A

227) B

228) B

229) E

230) C

231) D

232) A

233) B

234) C

235) C

236) A

237) B

238) C

239) D

240) B

241) B

242) E

243) B

244) A

245) D

246) B

247) D

248) Accounting

249) Sole proprietorship

250) External

251) Financial accounting

252) Internal controls

253) Ethics

254) business entity

255) going-concern

256) monetary unit

257) Measurement (Cost) principle

258) unlimited liability

259) Financing

260) Investing

261) Operating

262) dividends

263) Revenues

264) assets

265) liabilities

266) equity

267) Assets = Liabilities + Equity

268) payable

269) assets minus liabilities

270) Record-keeping or Bookkeeping

271) Return on assets

272) net income

273) The statement of retained earnings

274) income statement

275) Accounting is an information and measurement system. It identifies, records, and communicates relevant, reliable and comparable information about business activities. Accounting also includes the crucial process of analysis and interpretation. It is part of our everyday lives, through such activities as banking, paying taxes, and receiving payroll checks. Technology plays a major role in accounting by reducing the time effort and cost or recordkeeping while improving clerical accuracy.

276) The balance sheet is one of the four required financial statements a company prepares periodically. It describes a company’s financial position by listing the types and amounts of assets, liabilities, and equity of a business at a specified point in time. The statement’s purpose is to provide information that helps users assess the financial condition of the business.

277) There are two general types of users of accounting information. Internal users are managers and officers of businesses. They require information about business activities in order to make decisions about planning, monitoring, and control. External users rely on financial statements to make business decisions. These users include lenders, and shareholders. Lenders need information for measuring the risk and return of loans. Shareholders need information for assessing the risk and return in owning shares.

278) The four broad areas of accounting are financial accounting, managerial accounting, taxation and other accounting related employment. The majority of the employment opportunities are in private accounting where employees work for businesses. Private sector jobs would include general accounting, taxation, budgeting, and cost accounting activities. Public accounting offers opportunities to perform work such as auditing, tax services, and consulting.

279) The purpose of accounting is to provide useful information for decision makers. For information to be useful, it must be trusted. This requires ethical behavior by accountants and managers in all phases of gathering, analyzing and reporting financial information so that good decisions are made.

280) The two important guidelines for revenue recognition include: Revenue is recognized (1) when goods or services are provided to customers and (2) at the amount expected to be received from the customer. Assets received from selling products and services do not need to be in cash. Revenue recognized is measured by cash received plus the cash equivalent of other assets received.

281) The four basic forms of business organizations are sole proprietorships, partnerships, corporations, and limited liability companies (LLC). Sole proprietorships are businesses owned by one person. They are separate entities for accounting purposes but are not separate from the owner legally or for tax purposes. Partnerships are businesses owned by two or more people who are jointly liable for tax and other obligations. Corporations are businesses legally separate from their owners, making them responsible for their own acts and own debts. They are also subject to an additional corporate tax. Corporations conduct business with the rights, duties and responsibilities of a person. Limited liability companies owned by one or more ‘members’. LLCs are legally separate from their owners; the owners have limited liability and do not pay taxes.

282) The Financial Accounting Standards Board (FASB) is the private-sector group that has been delegated the task to set both the broad and specific principles of GAAP. The Securities and Exchange Commission (SEC) is a government agency that has the legal authority to set GAAP and oversees proper use of GAAP by companies that issue stock and debt to the public.

283) The going-concern principle means that financial statements reflect an assumption that the business continues in operation instead of being closed or sold. Assets are therefore reported at cost rather than at liquidation value.

284) The income statement describes a company’s revenues and expenses along with the resulting net income or loss over a period of time due to earnings activities. Revenues are the increases in equity from sales of products and services to customers. Expenses are the costs of providing products and services to customers. When revenues exceed expenses, net income occurs. When expenses exceed revenues, a net loss occurs.

285) The accounting equation is stated as: Assets = Liabilities + Equity. Assets are resources owned or controlled by a business that are expected to provide future benefit. Creditors’ claims on assets are called liabilities. Stockholders’ claims on assets are called equity. The accounting equation shows that the resources (assets) of the business equal the source of funds to acquire and the claims against those resources.

286) Liabilities are creditors’ claims on assets. They reflect obligations to transfer assets or provide products or services to others in a future outflow of resources. Equity is stockholders’ claim to assets. It includes the investments of stockholders and what the company earns on the stockholders’ behalf. Equity is also called net assets or residual interest.

287) Return on assets is useful in evaluating management, analyzing and forecasting profits, and planning activities. It shows the effectiveness of using assets to earn profit.

288) The cost-benefit constraint says that information disclosed by an entity must have benefits to the user that are greater than the costs of providing it.

289) The three types of activities reported in the statement of cash flows are (1) operating, which involve using cash to research, develop, purchase, produce, distribute, and market products and services as well as receiving cash from selling products and services; (2) investing, which represent the cash inflows and outflows from the purchase and sale of long-term assets, and (3) financing, which are the cash inflows and cash outflows related to stockholder investments and dividends and long-term borrowing and repaying cash from lending.

290) The four basic financial statements are the balance sheet, income statement, statement of retained earnings, and statement of cash flows. The balance sheet describes the company’s financial position and lists the types and amounts of assets, liabilities, and equity at a point in time. The income statement describes the company’s revenues, expenses, and net income over a period of time. The statement of retained earnings explains changes in equity from net income or loss, and dividends over a period of time. The statement of cash flows reports on cash flows for operating, investing, and financing activities over a period of time.

291)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Proprietorship** | **Partnership** | **Corporation** | **LLC** |
| **a.** | no | no | yes | yes |
| **b.** | yes | no | yes | yes |
| **c.** | yes | yes | no | no |
| **d.** | no | no | yes | no |
| **e.** | no | no | yes | yes |

292) $570,000. The Measurement (Cost) principle requires the acquisition of an asset to be recorded in the accounting records at cost.

293) 1. Business entity assumption. Buddy should refund the $500 to the business or record it as a dividend. In the future, he should use a personal check to pay for soccer camp.
2. Going-concern assumption. Buddy’s Foreign Automotive is not going out of business. The business is just closing for vacation. He could hold an appropriate sale to generate extra business before going on vacation.
3. Monetary unit assumption. The invoice should be restated in U.S. dollars for accounting purposes.
4. Revenue recognition principle. Since the service has not been completed, revenue should not be recognized. The $1,500 should be placed in an account such as Deposits Received from Customers (a type of unearned revenue) until the service is completed.

294) Beginning equity = $80,000; Ending equity = $260,000<br> <br> Beginning Assets = Beginning Liabilities + Beginning Equity<br> $200,000 = $120,000 + $80,000<br> <br> Ending Assets = Ending Liabilities + Ending Equity<br> $360,000 = $100,000 + $260,000

295) $380,000 = $140,000 + $240,000<br> <br> Ending assets = $350,000 + $30,000<br> Ending liabilities = $110,000 + $30,000<br> Ending equity = $240,000 (no change)

296) Assets = Liabilities + Stockholders’ Equity
Assets Increased by $20,000; Liabilities Increased by $5,000; Therefore, Equity needs to Increase by $15,000.

Change in Equity = Contributed Capital + Net Income − Dividends
Increase of $15,000 = $3,000 + Net Income − $11,000
$15,000 = Net Income − $8,000
Net Income = $23,000

297) Beginning Equity + Stock issuances − Dividends + Revenues − Expenses = Ending Equity
 $173,000 + $2,000 − $15,500 + $97,000 − $43,800 = $212,700

298) October 1st Equity = $74,000; October 31st Equity = $94,000

Total assets:

|  |  |  |
| --- | --- | --- |
|  | **October 1** | **October 31** |
| **Cash** | $ 40,000 | $ 60,000 |
| **Accounts Receivable** | 40,000 | 38,000 |
| **Total assets** | $ 80,000 | $ 98,000 |

<br>At October 1:<br>Assets = Liabilities + Equity<br>$80,000 = $6,000 + Equity<br>Equity = $74,000<br><br>At October 31:<br>

|  |  |
| --- | --- |
| **Equity, October 1** | $ 74,000 |
| **Plus October net income** | 20,000 |
| **Equity, October 31** | $ 94,000 |

<br>At October 31:<br>Assets = Liabilities + Equity<br>$98,000 = $4,000 + $94,000<br>Liabilities = $4,000

299) Assets increased by $62,000.

Change in Assets = Change in Liabilities + Change in Equity
$62,000 = $92,000 − $30,000

300)

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Assets** | **Liabilities** | **Equity** |
| April 1 | I | N | I |
| April 2 | D | N | D |
| April 3 | I,D | I | N |
| April 4 | I,D | N | N |
| April 8 | I | N | I |
| April 15 | I | N | I |
| April 20 | I,D | N | N |
| April 30 | D | N | D |
| April 30 | D | N | D |

301) a. +A +E
 b. +A +L
 c. +A +E
 d. +A −A
 e. +A −A
 f. −A −E
 g. −A −L

302) 1. Investment of cash in business by stockholder or performed services for cash.<br> 2. Purchased equipment for cash.<br> 3. Purchased supplies on credit.<br> 4. Investment of cash in business by stockholder or performed services for cash.<br> 5. Performed services for both cash and on credit.<br> 6. Paid accounts payable.<br> 7. Received cash for an account receivable.<br> 8. Purchased supplies for cash.<br> 9. Paid cash dividends or paid expense of business.

303)

|  |  |
| --- | --- |
| **June 10** | The stockholder invested $60,000 cash in the company. |
| **June 20** | Land and building were purchased for $12,000 cash and an $18,000 note payable. |
| **June 30** | Office supplies were purchased for $2,000 on account. Cash was received for $3,000 of services provided. |

304) a. 20%<br> b. 10%<br> c. 5%

305)

|  |
| --- |
| TWO RIVERS VENDING SERVICE |
| Balance Sheet |
| April 30 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 10,000 | **Accounts payable** | $ 18,000 |
| **Accounts receivable** | 10,000 | **Notes payable** | 47,000 |
| **Office supplies** | 12,000 | **Total liabilities** | $ 65,000 |
| **Building** | 28,000 | **Equity** |  |
| **Trucks** | 55,000 | **Common stock** | 20,000 |
|  |  | **Retained earnings** | 30,000 |
| **Total assets** | $ 115,000 | **Total liabilities and equity** | $ 115,000 |

306)

|  |
| --- |
| SMOKEY RIVER SUPPLIES |
| Balance Sheet |
| December 31 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 10,000 | **Accounts payable** | $ 13,000 |
| **Accounts receivable** | 8,000 | **Notes payable** | 41,000 |
| **Supplies** | 12,000 | **Total liabilities** | $ 54,000 |
| **Equipment** | 35,000 | **Equity** |  |
| **Land** | 18,000 | **Common stock** | 20,000 |
|  |  | **Retained earnings** | 9,000 |
| **Total assets** | $ 83,000 | **Total liabilities and equity** | $ 83,000 |

307)

|  |
| --- |
| CANE PROPERTY MANAGEMENT |
| Balance Sheet |
| December 31 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 7,500 | **Accounts payable** | $ 3,500 |
| **Accounts receivable** | 5,000 | **Salaries payable** | 1,000 |
| **Office supplies** | 1,500 | **Notes payable** | 50,000 |
| **Land** | 35,000 | **Total liabilities** | $ 54,500 |
| **Building** | 100,000 | **Equity** |  |
| **Office equipment** | 10,000 | **Common stock** | 60,000 |
|  |  | **Retained earnings** | 44,500 |
| **Total assets** | $ 159,000 | **Total liabilities and equity** | $ 159,000 |

308)

|  |
| --- |
| GARZA DÉCOR |
| Income Statement |
| For Month Ended November 30 |
| **Revenue:** |  |  |
| **Fees earned** |  | $ 34,000 |
| **Operating expenses:** |  |  |
| **Rent expense** | $ 9,600 |  |
| **Salaries expense** | 4,200 |  |
| **Telephone expense** | 250 | 14,050 |
| **Net income** |  | $ 19,950 |

|  |
| --- |
| GARZA DÉCOR |
| Statement of Retained earnings |
| For Month Ended November 30 |
| **Retained earnings, November 1** | $ 0 |
| **Plus: Net income** | 19,950 |
|  | 19,950 |
| **Less: dividends** | (6,000) |
| **Retained earnings, November 30** | $ 13,950 |

|  |
| --- |
| GARZA DÉCOR |
| Balance Sheet |
| November 30 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 21,200 | **Accounts payable** | $ 12,000 |
| **Accounts receivable** | 19,000 | **Notes payable** | 4,250 |
| **Office furnishings** | 40,000 | **Total liabilities** | $ 16,250 |
|  |  | **Equity** |  |
|  |  | **Common stock** | 50,000 |
|  |  | **Retained earnings** | 13,950 |
| **Total assets** | $ 80,200 | **Total liabilities and equity** | $ 80,200 |

309)

|  |
| --- |
| KENNEDY REALTY |
| Statement of Retained earnings |
| For year Ended December 31 |
| **Retained earnings, January 1\*** | $ 65,000\* |
| **Plus: Net income** | 32,000 |
|  | $ 97,000 |
| **Less: dividends** | (30,000) |
| **Retained earnings, December 31** | $ 67,000 |

|  |  |
| --- | --- |
| **\*Total assets at January 1** | $ 100,000 |
| **Less total liabilities at January 1** | 35,000 |
| **Total stockholders’ equity at January 1** | $ 65,000 |

310)

|  |
| --- |
| Jet Styling |
| Statement of Cash Flows |
| For Month Ended January 31 |
| **Cash flows from operating activities:** |  |  |
| **Cash collected from customers** | $ 7,750 |  |
| **Cash paid for supplies** | (1,500) |  |
| **Cash paid for rent** | (1,800) |  |
| **Cash paid for wages** | (4,000) |  |
| **Cash flows from operating activities** |  | $ 450 |
| **Cash flows from investing activities:** |  |  |
| **Purchase of equipment** |  | (7,500) |
| **Cash flows from financing activities:** |  |  |
| **Investment by stockholders** | 15,000 |  |
| **Dividends** | (2,000) |  |
| **Payment of loan** | (1,000) |  |
| **Cash flows from financing activities** |  | 12,000 |
| **Net increase in cash** |  | $ 4,950 |
| **Beginning cash balance** |  | 3,200 |
| **Ending cash balance** |  | $ 8,150 |

311)

|  |
| --- |
| ROADMASTER AUTO RENTALS |
| Income Statement |
| For Year Ended December 31 |
| **Revenue** |  | $ 217,000 |
| **Expenses:** |  |  |
| **Insurance expense** | $ 2,000 |  |
| **Wages expense** | 75,000 |  |
| **Advertising expense** | 22,000 |  |
| **Maintenance expense** | 39,000 |  |
| **Total expenses** |  | $ 138,000 |
| **Net income** |  | $ 79,000 |

|  |
| --- |
| ROADMASTER AUTO RENTALS |
| Statement of Retained earnings |
| For Year Ended December 31 |
| **Retained earnings, January 1** | $ 0 |
| **Add: Net income** | 79,000 |
| **Less: Dividends** | (52,000) |
| **Retained earnings, December 31** | $ 27,000 |

|  |
| --- |
| ROADMASTER AUTO RENTALS |
| Balance Sheet |
| December 31 |
| **Assets** |  | **Liabilities** |  |
| **Cash** | $ 11,000 | **Accounts payable** | $ 36,000 |
| **Accounts receivable** | 24,000 | **Notes payable** | 47,000 |
| **Airplanes** | 150,000 | **Total liabilities** | $ 83,000 |
| **Hangar** | 60,000 | **Equity** |  |
| **Office furniture** | 15,000 | **Common stock** | 150,000 |
|  |  | **Retained earnings** | 27,000 |
| **Total assets** | $ 260,000 | **Total liabilities and equity** | $ 260,000 |

312)

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Assets =** | **Liabilities +** | **Equity** |
| **Date** | **Cash** | **Receivable** | **Equipment** | **Accounts Payable** | **Notes Payable** | **Common Stock** | **Dividends** | **Revenues** | **Expenses** |
| **May 1** | 90,000 |  |  |  |  | 90,000 |  |  |  |
| **May 2** | (10,000) |  | 25,000 |  | 15,000 |  |  |  |  |
| **May 2** | (3,000) |  |  |  |  |  |  |  | (3,000) |
| **May 6** | 5,000 |  |  |  |  |  |  | 5,000 |  |
| **May 7** | (2,000) |  |  |  |  |  |  |  | (2,000) |
| **May 8** |  |  | 2,500 | 2,500 |  |  |  |  |  |
| **May 9** |  | 16,000 |  |  |  |  |  | 16,000 |  |
| **May 15** | (2,300) |  |  |  |  |  |  |  | (2,300) |
| **May 17** | 2,400 |  |  |  |  |  |  | 2,400 |  |
| **May 20** | 10,000 | (10,000) |  |  |  |  |  |  |  |
| **May 28** | (1,500) |  |  | (1,500) |  |  |  |  |  |
| **May 31** | (2,400) |  |  |  |  |  |  |  | (2,400) |
| **May 31** | (5,300) |  |  |  |  |  |  |  | (5,300) |
| **May 31** | (450) |  |  |  |  |  |  |  | (450) |
|  | 80,450 | 6,000 | 27,500 | 1,000 | 15,000 | 90,000 | 0 | 23,400 | (15,450) |