

Question 1

Lobel Machines Company is evaluating an investment of \$1,550,000 which will yield net cash inflows of \$220,672 per year for 10 years with no residual value. What is the internal rate of return?

Present value of ordinary annuity of \$1:

5% 6% 7% 8%

10.9520.9430.9350.926

21.8591.8331.8081.783

32.7232.6732.6242.577

43.5463.4653.3873.312

54.3294.2124.1003.993

65.0764.9174.7674.623

75.7865.5825.3895.206

86.4636.215.9715.747

97.1086.8026.5156.247

107.7227.367.0246.71

A) 6%

B) 7%

C) 8%

D) 9%

Answer: <https://biology-forums.com/index.php?topic=1860635>

Question 2

The income statement and a partial balance sheet of Hart Alloy Company for the year ended December 31, 2017 is presented below. Prepare the operating activities section of the statement of cash flows using the direct method. Accrued Liabilities relate to miscellaneous operating expenses.

Hart Alloy Company

Income Statement

For the Year Ended December 31, 2017

Sales Revenues \$1,500,000

Cost of Goods Sold 1,170,000

Gross Profit \$330,000

Operating Expenses:

Salaries Expense \$210,000

Depreciation Expense 60,000

Miscellaneous Expenses 30,000 300,000

Net Income \$30,000

Hart Alloy Company

Partial Balance Sheet

2017 2016

Cash \$240,000 \$195,000

Accounts Receivable (net) 150,000 150,000

Inventories 306,000 258,000

Accrued Liabilities 13,500 15,000

Accounts Payable Merchandise Inventory) 174,000 153,000

Salaries Payable 22,500 18,000

Answer: <https://biology-forums.com/index.php?topic=1860479>

Question 3

An S corporation pays no corporate income tax.

Answer: <https://biology-forums.com/index.php?topic=1860287>

Question 4

Genity Company records business transactions in dollars and disregards changes in the value of a dollar over time. Which of the following accounting assumptions does this represent?

A) economic entity assumption

B) going concern assumption

C) accounting period assumption

D) monetary unit assumption

Answer: <https://biology-forums.com/index.php?topic=1859893>

Question 5

Certified Auto Parts Company uses the indirect method to prepare its statement of cash flows. Refer to the following information for 2017:

Net cash provided by operating activities: \$109,000

Net cash used for investing activities: \$(115,500)

Net cash provided by financing activities: \$18,000

If the cash balance at the beginning of the year was \$13,200, what is the ending cash balance?

A) \$24,700

B) \$11,500

C) \$13,200

D) \$6,500

Answer: <https://biology-forums.com/index.php?topic=1860463>

Question 6

Keith and Jim formed a partnership, with the partners sharing profits and losses equally. The partnership incurs a net loss of \$5,000 for the year. The entry to close the net loss will _____.

A) debit Income Summary by \$5,000

B) decrease Keith, Capital by \$2,500

C) increase Jim, Capital by \$2,500

D) decrease Jim, Capital by \$5,000

Answer: <https://biology-forums.com/index.php?topic=1860314>

Question 7

On January 1, Unearned Revenue of Grossman Company had a beginning balance of \$1,400. During January, the company earned \$700 of the deferred revenue. The company also collected \$4,000 from a new customer for services to be performed the following month. At the end of January, the Unearned Revenue account should have a balance of \$4,000.

Answer: <https://biology-forums.com/index.php?topic=1859970>

Question 8

The collection of time records is an accounting information system activity that is classified as a business transaction involving the sale of merchandise inventory.

Answer: <https://biology-forums.com/index.php?topic=1860074>

Question 9

Compute the present value of an ordinary annuity that pays \$11,000 per year for 15 years at 7%.

Present value of annuity of \$1:

7% 8% 9% 10% 12%

117.4997.1396.8056.4955.938

127.9437.5367.1616.8146.194

138.3587.9047.4877.1036.424

148.7458.2447.7867.3676.628

159.1088.5598.0617.6066.811

A) \$100,188

B) \$100,921

C) \$99,418

D) \$100,958

Answer: <https://biology-forums.com/index.php?topic=1860435>

Question 10

Which of the following is true of a purchases journal?

A) For a periodic inventory system, the Merchandise Inventory DR column is replaced with a column titled Cost of Goods Sold DR.

B) Cash purchases are recorded in the purchases journal.

C) For a perpetual inventory system, a column titled Purchases DR is needed.

D) The Other Accounts DR column is used for purchases on account of items other than merchandise inventory and office supplies.

Answer: <https://biology-forums.com/index.php?topic=1860147>

Question 11

Entries in the sales journal are posted to both the accounts receivable subsidiary ledger and the general ledger.

Answer: <https://biology-forums.com/index.php?topic=1860112>

Question 12

The cash receipts journal is a special journal used to record business transactions of all cash receipts and credit sales.

Answer: <https://biology-forums.com/index.php?topic=1860125>

Question 13

Describe the transactions recorded in the purchases journal.

Answer: <https://biology-forums.com/index.php?topic=1860153>

Question 14

If treasury shares are sold for less than their cost, the difference is recorded as a loss.

Answer: <https://biology-forums.com/index.php?topic=1860358>

Question 15

Which of the following is an expense that results from the usage of a natural resource?

- A) depletion
- B) amortization
- C) depreciation
- D) obsolescence

Answer: <https://biology-forums.com/index.php?topic=1860244>

Question 16

What is the only difference between present value and future value?

Answer: <https://biology-forums.com/index.php?topic=1860432>

Question 17

Bag Ladies, Inc. manufactures two kinds of bagstotes and satchels. The company allocates manufacturing overhead using a single plantwide rate with direct labor cost as the allocation base. Estimated overhead costs for the year are \$25,500. Additional estimated information is given below.

TotesSatchels

Direct materials cost per unit\$35\$45

Direct labor cost per unit\$51\$64

Number of units530350

Calculate the amount of overhead to be allocated to Totes. (Round any percentages to two decimal places and your final answer to the nearest dollar.)

- A) \$500
- B) \$330
- C) \$11,556
- D) \$13,945

Answer: <https://biology-forums.com/index.php?topic=1860607>

Question 18

When a partner withdraws his or her partnership interest for cash, the liabilities in the balance sheet remain unchanged.

Answer: <https://biology-forums.com/index.php?topic=1860333>

Question 19

Identify the breakeven point in the graph given below.

- A) O
- B) E
- C) D
- D) B

Answer: <https://biology-forums.com/index.php?topic=1860569>

Question 20

Treasury stock is a contra equity account.

Answer: <https://biology-forums.com/index.php?topic=1860355>