

Question 1

Moving data to the ledger is known as journalizing.

Answer: <https://biology-forums.com/index.php?topic=805173>

Question 2

A cash flow statement is divided into the following sections: cash flows from operating activities, cash flows from investing activities, and cash flows from financing activities. For each of the following events, state the section in which it would be listed.

- a. Received cash from issuance of long-term note payable
- b. Payment of interest (ASPE)
- c. Repurchase of shares
- d. Sale of land
- e. Received cash from customers
- f. Payment of dividends
- g. Purchase of equipment
- h. Issuance of 50 shares of common stock

Answer: <https://biology-forums.com/index.php?topic=805051>

Question 3

Key West Corporation, a public company purchased its plant at a cost of \$10.7 million, with no residual value. The plant is to be depreciated over 20 years. At this time the company selected the revaluation method.

December 31, 2013 a real estate expert determined this building is now worth \$18.6 million.

Prepare the required journal entry if any.

Answer: <https://biology-forums.com/index.php?topic=805848>

Question 4

Prevage Corporation has 10,000 shares of \$10 cumulative preferred shares outstanding and 50,000 common shares outstanding. As of the beginning of this fiscal year, there were 2 years' dividends in arrears on the preferred shares. The board of directors wants to give the common shareholders a \$1.50 dividend per share at the end of this fiscal year. The total dividends to be declared by the Prevage Corporation are:

- A) \$105,000
- B) \$120,000
- C) \$175,000
- D) \$375,000

Answer: <https://biology-forums.com/index.php?topic=806122>

Question 5

Carrying amount is defined as:

- A) cost less salvage value
- B) cost less accumulated depreciation
- C) current market value less salvage value
- D) current market value less accumulated depreciation

Answer: <https://biology-forums.com/index.php?topic=805784>

Question 6

If ending inventory is overstated, then:

- A) cost of goods sold and ending inventory will both be overstated
- B) cost of goods sold and ending inventory will both be understated
- C) cost of goods sold will be overstated and ending inventory will be understated
- D) cost of goods sold will be understated and ending inventory will be overstated

Answer: <https://biology-forums.com/index.php?topic=805726>

Question 7

The three forms of business organizations are sole proprietorships, partnerships, and non-profit organizations.

Answer: <https://biology-forums.com/index.php?topic=804945>

Question 8

All of the following are basic rights of a shareholder except:

- A) the right to sell the shares
- B) the right to vote

- C) the right to collect dividends
- D) the right to declare dividends

Answer: <https://biology-forums.com/index.php?topic=806067>

Question 9

On January 1, 2013, JetNew, issued \$1,000,000 face value, 5-year bonds with a stated rate of 5% at an effective rate of 4% which brought in \$1,044,913. Interest is paid semi-annually on July 1 and December 31. JetNew uses the effective-interest method of amortization.

Prepare entries for the following transactions:

- a. Issuance of the bonds on January 1, 2013.
- b. Payment of interest and amortization of discount or premium on July 1, 2013.

Answer: <https://biology-forums.com/index.php?topic=806049>

Question 10

On June 30, 2014, Sneeze Limited was authorized to issue 60,000 shares of \$5 cumulative preferred shares and 250,000 shares of common shares. During its start-up phase, the company engaged in several transactions.

Prepare journal entries for the following transactions:

June 30 Sold 40,000 shares of preferred shares at \$110 per share.

30 Sold 50,000 shares of common shares at \$30 per share.

July 5 Issued 5,000 shares of common shares in exchange for equipment valued objectively at \$165,000.

Answer: <https://biology-forums.com/index.php?topic=806106>

Question 11

Prepare adjusting journal entries dated December 31 of the current year for the following independent situations.

- a. Hops Corporation acquired several patents on March 1 of the current year for a total price of \$48,000. The patents have an estimated remaining legal life of 15 years and an estimated useful, economic life of 8 years.
- b. Goodwill amounting to \$180,000 was purchased in a company acquisition on July 1 of the current year. The goodwill is believed to have an indefinite benefit.

Answer: <https://biology-forums.com/index.php?topic=805867>

Question 12

A statement of shareholder's equity does not include details about a company's issuance of stock.

Answer: <https://biology-forums.com/index.php?topic=806233>

Question 13

The following information is available for Aeries Corporation for the current year:

Net income \$160,000

Preferred dividends 30,000

Interest expense 18,000

Beginning of year:

Total assets 900,000

Total liabilities 300,000

Total common shareholders' equity 375,000

End of year:

Total assets 950,000

Total liabilities 350,000

Total common shareholders' equity 400,000

The return on assets for Aeries Corporation is:

A) 19.2%

B) 19.8%

C) 17.3%

D) 18.7%

Answer: <https://biology-forums.com/index.php?topic=806158>

Question 14

Alliance Agreement Corporation is considering two plans for raising \$2,500,000 to expand its current operations. The first plan involves the sale of \$2,500,000, 8%, 10-year bonds sold at face value. The second plan involves selling 50,000 common shares at \$50 each. Alliance Agreement Corporation currently has outstanding 200,000 shares of stock and a net income of \$900,000. Either plan is expected to generate additional income of \$400,000 before interest and taxes. The income tax rate is 30%. Calculate earnings per share for both plans.

Answer: <https://biology-forums.com/index.php?topic=806056>

Question 15

Prepare adjusting entries dated December 31, 2013, based on the following data.

- a. A two-year insurance policy costing \$6,000 was purchased on October 31, 2013.
- b. Salaries owed to employees on December 31, 2013, amount to \$4,600.
- c. The balance in Supplies before adjustment is \$2,800. A physical count reveals \$900 of supplies on hand on December 31, 2013.
- d. Depreciation on office equipment for the year is \$1,869.

Answer: <https://biology-forums.com/index.php?topic=805317>

Question 16

If a company uses a periodic inventory system, it will maintain all of the following accounts except:

- A) Cost of Goods Sold
- B) Purchases
- C) Sales
- D) Inventory

Answer: <https://biology-forums.com/index.php?topic=805637>

Question 17

Following is an alphabetical list of the assets, liabilities, and shareholders' equity accounts of Bliz Inc. Prepare a balance sheet dated April 30, 2014.

Accounts payable \$10,200 Note payable \$15,000
Accounts receivable 17,000 Retained earnings 27,500
Cash 32,900 Salary payable 10,700
Common shares 34,400 Supplies 13,900
Inventory 34,000

Answer: <https://biology-forums.com/index.php?topic=805048>

Question 18

A company using the cash basis of accounting receives cash for services yet to be performed. The entry to record the cash received will involve a credit to:

- A) Prepaid Revenue
- B) Service Revenue
- C) Accrued Revenue
- D) Deferred Revenue

Answer: <https://biology-forums.com/index.php?topic=805236>

Question 19

The following data are for Upholstery Limited for January 2014:

Beginning inventory \$25,000
Net sales revenue 85,000
Net purchases 35,000
Normal gross margin rate 30%

What is the company's estimated cost of goods sold for the month?

- A) \$59,500
- B) \$25,500
- C) \$42,000
- D) \$15,000

Answer: <https://biology-forums.com/index.php?topic=805717>

Question 20

Debentures carry a lower interest rate than secured bonds because of the risk associated with them.

Answer: <https://biology-forums.com/index.php?topic=806010>