

Multiple choices (two points for each question)

Use the following information to answer questions 1 through 5.

The selected accounts and balances for Don Carter's Bowling Supplies appear as follows:

Advertising Expense	\$ 14,000
Don Carter, Capital	140,000
Don Carter, Withdrawals	21,000
Freight In	7,000
Freight Out	10,000
Interest Income	24,000
Merchandise Inventory (Jan. 1)	70,000
Merchandise Inventory (Dec. 31)	56,000
Purchases	60,000
Purchases Returns and Allowances	4,000
Rent Expense	9,000
Sales	150,000
Sales Discounts	6,000
Sales Returns and Allowances	13,000
Wages Expense	32,000

- \_\_\_\_\_ 1. The closing entry for the Sales Discounts account would include
- a credit to Income Summary for \$6,000.
  - a debit to Income Summary for \$6,000.
  - a debit to the Sales Discounts account for \$6,000.
  - a credit to Don Carter, Capital, for \$6,000.
- \_\_\_\_\_ 2. The closing entry for the Freight In account would include
- a credit to Income Summary for \$7,000.
  - a debit to Income Summary for \$7,000.
  - a debit to Freight In account for \$7,000.
  - a credit to Don Carter, Capital, for \$7,000.
- \_\_\_\_\_ 3. The amount of net sales on the income statement would be
- \$131,000.
  - \$137,000.
  - \$144,000.
  - \$169,000.
- \_\_\_\_\_ 4. The cost of goods available for sale would appear on the income statement as
- \$63,000.
  - \$73,000.
  - \$126,000.
  - \$133,000.
- \_\_\_\_\_ 5. The gross margin from sales would be
- \$54,000.
  - \$61,000.
  - \$67,000.
  - \$73,000.

(背面仍有題目,請繼續作答)

Use the following bank reconciliation to answer questions 6 through 9

Luettke Company  
Bank Reconciliation  
October 31, 19xx

Balance Per Bank, October 31		\$3,260
Add Deposit of October 31 in Transit		570
		<u>\$3,830</u>
Less Outstanding Checks		
No. 31	\$1,200	
No. 38	230	1,430
Adjusted Bank Balance, October 31		<u>\$2,400</u>
Balance Per Books, October 31		\$1,828
(1) Add Notes Receivable Collected by Bank		700
		<u>\$2,528</u>
Less:		
(2) Overstatement of Deposit of October 6	\$ 72	
(3) Collection Fee	12	
(4) NSF Check of Bob Diseloff	41	
(5) Service Charge	3	128
Adjusted Book Balance, October 31		<u>\$2,400</u>

6. The entry to record item 1 would consist of
- a credit to the Cash account for \$700.
  - a debit to the Cash account for \$700.
  - a debit to the Notes Receivable account for \$700.
  - no entry.
7. The entry to record item 2 would include
- a credit to the Sales account for \$72.
  - a credit to the Cash account for \$72.
  - a debit to the Cash account for \$72.
  - no entry.
8. The entry to record item 3 would include
- a debit to the Cash account for \$12.
  - a credit to the Collection Expense account for \$12.
  - a debit to the Collection Expense account for \$12.
  - no entry.
9. The entry to record item 4 would include
- a debit to the Cash account for \$41.
  - a debit to the Accounts Receivable account for \$41.
  - a credit to the Sales account for \$41.
  - no entry.
10. The entry to record item 5 would include
- a debit to the Cash account for \$3.00.
  - a credit to the Cash account for \$3.00.
  - a debit to the Interest Expense account for \$3.00.
  - no entry.

Use the following information to answer questions 11 through 15

Gleason Company  
 Balance Sheet  
 December 31, 19xx

Assets

Cash		\$ 70,000	
Short-term Investments		56,000	
Accounts Receivable		28,000	
Notes Receivable (due in 1 year)		42,000	
Merchandise Inventory		98,000	
Land Held for Future Use		112,000	
Land		140,000	
Building	\$150,000		
Less Accumulated Depreciation	<u>28,000</u>	122,000	
Trademark		<u>92,000</u>	
Total Assets			<u>\$760,000</u>

Liabilities

Notes Payable (due in 1 year)	\$ 70,000	
Accounts Payable	30,000	
Salaries Payable	14,000	
Mortgage Payable (due in 7 years)	<u>146,000</u>	
Total Liabilities		\$260,000

Owner's Equity

Ray Gleason, Capital	<u>500,000</u>
Total Liabilities and Owner's Equity	<u>\$760,000</u>

- \_\_\_\_\_ 11. The total dollar amount of assets to be classified as current assets is  
 a. \$238,000.  
 b. \$294,000.  
 c. \$252,000.  
 d. \$244,000.
- \_\_\_\_\_ 12. The total dollar amount of assets to be classified as investments is  
 a. \$56,000.  
 b. \$168,000.  
 c. \$112,000.  
 d. \$0.
- \_\_\_\_\_ 13. The total dollar amount of assets to be classified as property, plant, and equipment is  
 a. \$374,000.  
 b. \$262,000.  
 c. \$354,000.  
 d. \$122,000.
- \_\_\_\_\_ 14. The debt-to-equity ratio is  
 a. .48.  
 b. .34.  
 c. .66.  
 d. .52.

(背面仍有題目,請繼續作答)

15. The total amount of working capital is
- \$500,000.
  - \$124,000.
  - \$180,000.
  - \$70,000.

Use the following information to answer questions 16 through 19.

A \$40,000, 12 percent, 90-day note dated June 1 is discounted at the bank on July 1 at a discount rate of 15 percent.

16. The maturity value of the note is
- \$41,200.
  - \$40,685.
  - \$40,170.
  - \$44,800.

17. The discount amount on the note is
- \$1,200.
  - \$1,030.
  - \$515.
  - \$970.

18. The proceeds received on the note are
- \$40,685.
  - \$40,170.
  - \$41,200.
  - \$40,330.

19. The amount to be recorded as interest income when the note is discounted is
- \$1,200.
  - \$685.
  - \$170.
  - \$330.

Use the information below to answer questions 20 through 23.

Inventory	Quantity	Cost	Market
Category I			
Item V	400	1.50	1.00
Item W	200	3.00	3.15
Item X	200	4.50	3.75
Category II			
Item Y	600	3.00	3.75
Item Z	400	4.50	4.65

甲

- \_\_\_\_\_ 20. With the item-by-item method of applying the lower-of-cost-or-market rule to valuing the inventory, the value assigned to inventory item X for inclusion in total inventory on the balance sheet is
- a. \$900.
  - b. \$750.
  - c. \$150.
  - d. \$650.
- \_\_\_\_\_ 21. With the item-by-item method of applying the lower-of-cost-or-market rule to valuing the inventory, the total value of inventory appearing on the balance sheet is
- a. \$5,350.
  - b. \$5,380.
  - c. \$5,700.
  - d. \$5,890.
- \_\_\_\_\_ 22. With the major category method of applying the lower-of-cost-or-market rule to valuing the inventory, the value assigned to Category J is
- a. \$1,750.
  - b. \$2,100.
  - c. \$1,780.
  - d. \$1,840.
- \_\_\_\_\_ 23. With the major category method of applying the lower-of-cost-or-market rule to valuing the inventory, the value assigned to inventory is
- a. \$5,890.
  - b. \$5,700.
  - c. \$5,380.
  - d. \$5,350.

Use the following information to answer questions 24 through 27.

Fredco purchased a piece of equipment on May 1, 19xx, for \$30,000. The equipment has an estimated life of eight years or 50,000 units of production and an estimated residual value of \$3,000.

- \_\_\_\_\_ 24. The amount of depreciation to be recorded for 19xx, using the straight-line method of calculating depreciation, is
- a. \$3,750.
  - b. \$3,375.
  - c. \$2,500.
  - d. \$2,250.
- \_\_\_\_\_ 25. The amount of depreciation to be recorded for 19xx, using the sum-of-the-years'-digits method, is
- a. \$4,000.
  - b. \$4,444.
  - c. \$6,000.
  - d. \$6,667.
- \_\_\_\_\_ 26. The amount of depreciation to be recorded for 19xx, using the double-declining-balance method, is
- a. \$7,500.
  - b. \$5,000.
  - c. \$4,500.
  - d. \$5,500.
- \_\_\_\_\_ 27. The amount of depreciation to be recorded for 19xx, using the units of production method and assuming that 6,500 units were produced, is
- a. \$3,900.
  - b. \$2,600.
  - c. \$2,340.
  - d. \$3,510.

(背面仍有題目,請繼續作答)

Use the following information to answer questions 28 through 32

Elkins Corporation has 3,000 shares of \$100 par value, 7 percent cumulative preferred stock, and 10,000 shares of \$10 par value common stock outstanding in its first five years of operation. Elkins Corporation paid cash dividends as follows: 19x1, \$14,000; 19x2, \$0; 19x3, \$65,000; 19x4, \$30,000; 19x5, \$15,000.

- \_\_\_\_\_ 28. The amount of dividends the common stockholders received during 19x1 was:
- \$0.
  - \$7,000.
  - \$14,000.
  - \$21,000.
- \_\_\_\_\_ 29. The amount of dividends in arrears at the end of 19x2 was
- \$0.
  - \$7,000.
  - \$21,000.
  - \$28,000.
- \_\_\_\_\_ 30. The amount of dividends received by the preferred stockholders during 19x3 was
- \$65,000.
  - \$49,000.
  - \$28,000.
  - \$21,000.
- \_\_\_\_\_ 31. The amount of dividends received by the common stockholders during 19x4 was
- \$30,000.
  - \$21,000.
  - \$9,000.
  - \$0.
- \_\_\_\_\_ 32. The amount of dividends received by the preferred stockholders during 19x5 was
- \$21,000.
  - \$15,000.
  - \$6,000.
  - \$0.

Use the following information to answer questions 33 through 37.

Topanga Corporation issued ten-year term bonds on January 1, 19x2, with a face value of \$800,000. The face interest rate is 6 percent and interest is payable semiannually on June 30 and December 31. The bonds were issued for \$690,960 to yield an effective annual rate of 8 percent. The effective interest method of amortization is to be used.

- \_\_\_\_\_ 33. What amount of discount should be amortized for the first six-month interest period? (Round answer to the nearest dollar.)
- \$11,271
  - \$5,452
  - \$7,277
  - \$3,638
- \_\_\_\_\_ 34. The journal entry on June 30, 19x2, to record the payment of interest and amortization of discount, will include a
- debit to Bond Interest Expense for \$24,000.
  - credit to Cash for \$27,638.
  - credit to Unamortized Bond Discount for \$3,638.
  - debit to Bond Interest Expense for \$32,000.

- \_\_\_\_\_ 35. How much bond interest expense (rounded to the nearest dollar) should be reported on the income statement for the year ending December 31, 19x2?
- \$55,422
  - \$55,276
  - \$55,131
  - \$48,000
- \_\_\_\_\_ 36. The journal entry to be recorded on December 31, 19x2, for the payment of interest and the amortization of discount will include a
- debit to Bond Interest Expense for \$24,000.
  - credit to Cash for \$27,784.
  - credit to Unamortized Bond Discount for \$3,638.
  - credit to Unamortized Bond Discount for \$3,784.
- \_\_\_\_\_ 37. The carrying value of the bonds payable at the December 31, 19x2 balance sheet date should be
- \$698,382.
  - \$698,236.
  - \$696,412.
  - \$690,960.

Use the following information to answer questions 38 through 45

McNally Company  
Income Statement  
For the Year Ended December 31, 19x8

Sales		\$450,000
Cost of Goods Sold		<u>228,000</u>
Gross Margin		\$222,000
Operating Expenses (including Depreciation of \$12,000)		<u>90,000</u>
Operating Income		\$132,000
Other Income (Expenses)		
Loss on Sale of Investment	\$(15,000)	
Gain on Disposal of Equipment	12,000	
Interest Income	6,000	
Interest Expense	(34,000)	
Dividend Income	<u>6,000</u>	<u>(45,000)</u>
Total Income Before Taxes		\$ 87,000
Income Taxes		<u>30,000</u>
Net Income		<u>\$ 57,000</u>

McNally Company  
Balance Sheet  
19x8 and 19x7

	19x8	19x7	Change
Cash	\$ 14,000	\$ 3,000	\$ 11,000
Accounts Receivable, Net	33,000	24,000	9,000
Inventory	24,000	12,000	12,000
Prepaid Expenses	5,000	7,000	(2,000)
Investments	105,000	120,000	(15,000)
Land	180,000	180,000	0
Building, Net	174,000	180,000	(6,000)
Equipment, Net	150,000	60,000	90,000
<b>Total Assets</b>	<b>\$685,000</b>	<b>\$586,000</b>	<b>\$99,000</b>
Accounts Payable	\$ 16,000	\$ 19,000	\$ (3,000)
Accrued Liabilities	9,000	6,000	3,000
Income Taxes Payable	11,000	9,000	2,000
Bonds Payable	270,000	210,000	60,000
<b>Total Liabilities</b>	<b>\$306,000</b>	<b>\$244,000</b>	<b>\$62,000</b>
Common Stock	\$240,000	\$240,000	\$ 0
Paid-in Capital in Excess of Par Value	6,000	6,000	0
Retained Earnings	133,000	96,000	37,000
<b>Total Stockholders' Equity</b>	<b>\$379,000</b>	<b>\$342,000</b>	<b>\$37,000</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$685,000</b>	<b>\$586,000</b>	<b>\$99,000</b>

## Additional information:

- Sold investments (with a book value of \$30,000) for \$15,000.
- Purchased investments for \$15,000.
- Sold equipment with a book value of \$30,000 for \$42,000.
- Purchased equipment for \$126,000.
- Depreciation on equipment for 19x8 was \$6,000.
- Depreciation on building for 19x8 was \$6,000.
- Issued bonds at par for \$60,000.
- Declared and paid dividends of \$20,000.



- \_\_\_\_\_ 38 . Cash receipts from sales on the statement of cash flows for 19x8 would be  
a. \$459,000.  
b. \$450,000.  
c. \$441,000.  
d. \$483,000.
- \_\_\_\_\_ 39 . Cash receipts from interest and dividends on the statement of cash flows for 19x8 would be  
a. \$6,000.  
b. \$12,000.  
c. \$(54,000).  
d. \$(42,000).
- \_\_\_\_\_ 40 . Cash payments for inventory purchases on the statement of cash flows for 19x8 would be  
a. \$219,000.  
b. \$237,000.  
c. \$240,000.  
d. \$243,000.
- \_\_\_\_\_ 41 . Cash payments for operating expenses on the statement of cash flows for 19x8 would be  
a. \$73,000.  
b. \$77,000.  
c. \$79,000.  
d. \$83,000.
- \_\_\_\_\_ 42 . Cash payments for income taxes on the statement of cash flows for 19x8 would be  
a. \$32,000.  
b. \$30,000.  
c. \$28,000.  
d. \$39,000.
- \_\_\_\_\_ 43 . Cash flows from operating activities on the statement of cash flows for 19x8 would be  
a. \$43,000.  
b. \$55,000.  
c. \$97,000.  
d. \$62,000.
- \_\_\_\_\_ 44 . If the indirect method is used, which of the following would be deducted from net income to arrive at cash flows from operating activities?  
a. Decrease in prepaid expenses of \$2,000  
b. Increase in accrued liabilities of \$3,000  
c. Increase in income taxes payable of \$2,000  
d. Increase in accounts receivable of \$9,000
- \_\_\_\_\_ 45 . If the indirect method is used, which of the following would be added to net income to arrive at cash flows from operating activities?  
a. Increase in inventory of \$12,000  
b. Decrease in accounts payable of \$3,000  
c. Increase in accounts receivable of \$9,000  
d. Decrease in prepaid expenses of \$2,000

Use the following information to answer questions 46 through 50.

The following information is from the financial records of Adams Corporation. Assume that all balance sheet amounts represent both average and ending figures.

<u>Assets</u>	
Cash	\$ 20,000
Marketable Securities	30,000
Accounts Receivable	50,000
Inventory	100,000
Long-Term Receivables	35,000
Property, Plant, and Equipment	<u>65,000</u>
Total Assets	<u>\$300,000</u>

<u>Liabilities and Stockholders' Equity</u>	
Current Liabilities	\$100,000
Long-Term Liabilities	60,000
Stockholders' Equity	<u>140,000</u>
Total Liabilities and Stockholders' Equity	<u>\$300,000</u>
Sales (net)	\$400,000
Cost of Goods Sold	<u>240,000</u>
Gross Margin	\$160,000
Operating Expenses	<u>40,000</u>
Net Operating Income	\$120,000
Income Tax Expense	<u>30,000</u>
Net Income	<u>\$ 90,000</u>

- \_\_\_\_\_ 46. What is the current ratio for this corporation?  
 a. 1.0  
 b. 1.54  
 c. 1.7  
 d. 2.0
- \_\_\_\_\_ 47. What is the receivable turnover for this corporation?  
 a. 8 times  
 b. 6 times  
 c. 4.8 times  
 d. 1.8 times
- \_\_\_\_\_ 48. What is the inventory turnover for this corporation?  
 a. 1.2 times  
 b. 1.6 times  
 c. 2.4 times  
 d. 4.0 times
- \_\_\_\_\_ 49. What is the return on assets for this corporation?  
 a. 75%  
 b. 53.3%  
 c. 40%  
 d. 30%
- \_\_\_\_\_ 50. What is the profit margin for this corporation?  
 a. 22.5%  
 b. 30%  
 c. 40%  
 d. 53.3%