[The following information applies to the questions displayed below.]

The following information is taken from the financial statements of a company for the current year:

Current assets	$401,000
Total assets	896,000
Cost of good sold	656,000
Gross margin (gross profit)	206,000
Net income	126,000

rev: 03-03-2011

1. Award: **2.00 points**

On a common size income statement for the year, what is the percentage that would be shown for Sales Revenue?

rev: 03-03-2011

- 100%
- 14%
- 61%
- 15%

In January 2010, a new consulting firm recorded the following transactions:

1. Issued stock to investors for $32,000 cash.
2. Purchased $6,200 of equipment, paying 20% in cash and giving a promissory note for the balance.
3. Received $10,200 in cash for consulting services performed in January.
4. Bought $1,620 of supplies on account; all of the supplies were used in January.
5. Provided consulting services for clients and billed them $17,200.
6. Paid $810 toward the supplies purchased in #4.
7. Paid $3,120 to employees for work performed in January.
8. Received a bill for rent and utilities for January of $3,520.

rev: 03-02-2011

2. Award: **3.00 points**

What the amount of total expense to be reported on the Income Statement for the month of January?

rev: 03-02-2011

- $5,170
- $3,930
- $8,260
- $8,690

3. Award: **3.00 points**

What is the amount of total revenue to be reported on the Income Statement for the month of January?

rev: 03-02-2011

- $42,200
- $27,400
- $59,400
- $10,200

4. Award: **2.00 points**

On January 1, 2011, a company has assets of $15.10 billion and stockholders' equity of $8.90 billion. On January 1, 2012, the same company has assets of $19.10 billion and stockholders' equity of $9.90 billion. During 2011, the company had total sales revenue of $9.90 billion and total expenses of $6.10 billion. The company's asset turnover ratio for 2011 is:

- 0.20
- 2.39
- 0.58
- 0.52

5. Award: **26.00 points**

Below is an alphabetical listing of all of the accounts for T.O.'s Dance Studio on 12/31/11. Assume all adjustments have been made and all balances are "normal".

Account	Balance
Accounts Payable	4,000
Accounts Receivable	8,300
Accumulated Depreciation—Equip.	3,900
Contributed Capital	2,100
Cash	4,300
Depreciation Expense	1,700
Dividends Declared	1,800
Equipment	10,200
Income Tax Expense	1,400
Income Taxes Payable	1,400
Service Revenue	19,400
Rent Expense	1,300
Retained Earnings (as of 1/1/11)	4,900
Unearned Revenue	1,500
Wages Expense	8,200

(a) Prepare an Income Statement in good form for T.O.'s Dance Studio. **(Input all amounts as positive values. Omit the "$" sign in your response.)**

T.O's Dance Studio
Income Statement
For the Year Ended December 31, 2011

Revenues

(Click to select) ▼

Total Revenue

Expenses

(Click to select)
(Click to select)
(Click to select)
(Click to select)

Total Expenses

(Click to select) $

(b) Prepare Closing Entries for T.O.'s Dance Studio. **(Omit the "$" sign in your response.)**

General Journal	Debit	Credit
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		
(Click to select)		

(c) Prepare the Statement of Retained Earnings for T.O.'s Dance Studio. **(Negative amounts should be indicated by a minus sign. Omit the "$" sign in your response.)**

T.O.'s Dance Studio
Statement of Retained Earnings
For the Year Ended December 31, 2011

(Click to select) $
(Click to select)
(Click to select)
(Click to select) $

(d) Prepare the Classified Balance Sheet for T.O.'s Dance Studio. **(Negative amounts should be indicated by a minus sign. Be sure to list the assets and liabilities in order of their liquidity. Omit the "$" sign in your response.)**

T.O's Dance Studio
BALANCE SHEET
AT December 31, 2011

Assets
Current Assets:
(Click to select) $
(Click to select)
Total current assets
(Click to select)
(Click to select)

Total assets $

Liabilities and Stockholders' Equity
Liabilities
Current Liabilities
(Click to select) $
(Click to select)
(Click to select)
Total Liabilities

Stockholders' Equity
(Click to select)
(Click to select)
Total Stockholders' Equity

Total Liabilities and Stockholders' Equity $

6. Award: **2.00 points**

At the end of last year, the company's assets totaled $861,000 and its liabilities totaled $740,500. During the current year, the company's total assets increased by $58,100 and its total liabilities increased by $24,050. At the end of the current year, stockholders' equity was

- $154,550.
- $120,500.
- $178,600.
- $34,050.

The classified balance sheet for a company reported current assets of $1,624,125, total liabilities of $810,540, contributed capital of $1,110,000 and retained earnings of $141,260. The current ratio was 2.5.

rev: 03-01-2011

7. Award: **2.00 points**

What is the total amount of non-current assets?

rev: 03-01-2011

- $372,865
- $813,585
- $437,675
- $649,650

8. Award: **26.00 points**

Starbellies Tattoo Parlor LLC is completing the accounting process for its year ended 12/31/11. The transactions for the year have been journalized and posted. Information for adjusting entries appears below.

a. The supplies account shows a balance of $1,000. A count of supplies revealed $490 worth on hand at 12/31/11.
b. A one-year insurance policy was purchased for $1,260 on 12/1/11. It was recorded as Prepaid Insurance at that time.
c. Office equipment depreciates at a rate of $1,200 per year. The equipment has been owned all year.
d. A client paid $10,900 in advance for services to be rendered later. Three-tenths (30%) of the amount recorded as Unearned Revenue was earned as of 12/31/11.
e. Accrued salaries at 12/31/11 are $2,200.
f. Starbellies has completed $550 of work for which it has neither received cash nor billed the client.

(a) For each of the adjusting items (a-f) prepare the adjusting journal entry that would be required at 12/31/11. **(Omit the "$" sign in your response.)**

	General Journal	Debit	Credit
a.	(Click to select)		
	(Click to select)		
b.	(Click to select)		
	(Click to select)		

c. (Click to select)
(Click to select)

d. (Click to select)
(Click to select)

e. (Click to select)
(Click to select)

f. (Click to select)
(Click to select)

(b) For each of the adjusting items (a-f) indicate the amount and the direction of effects of the adjusting journal entry on the elements of the balance sheet and income statement, using the following format. **(Select "NE" for no effect from the dropdown menu.)**

	Balance Sheet			Income Statement		
Transaction	Assets	Liabilities	Stockholders' Equity	Revenues	Expenses	Net Income
a.	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)
b.	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)
c.	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)
d.	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)
e.	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)
f.	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)	(Click to select)

	January 1, 2010	January 1, 2011
Assets	$25,650	?
Liabilities	8,640	?
Stockholders' equity	?	?

The following changes occurred in the year 2010: Assets decreased by $3,640 and liabilities increased by $2,940.

rev: 03-01-2011

9. Award: **2.00 points**

What is the amount of stockholders' equity at January 1, 2011?

rev: 03-01-2011

- $15,430
- $10,430
- $17,010
- $16,310

10. Award: **2.00 points**

On January 1, 2011, a company has assets of $15.70 billion and stockholders' equity of $8.30 billion. On January 1, 2012, the same company has assets of $19.70 billion and stockholders' equity of $9.30 billion. During 2011, the company had total sales revenue of $9.30 billion and total expenses of $6.70 billion. If the company doesn't have other sources of revenue, its net profit margin during 2011 is:

- 0.019
- 0.01
- 0.028
- 0.28

A company reported the following in its recent balance sheet

Accounts payable	$19,207
Accounts receivable	$81,336
Cash	$73,324
Income tax payable	$3,512
Inventories	$25,816
Long-term liabilities	$1,709
Property and equipment	$54,128
Stockholders' Equity	$202,808
Supplies	$5,512
Wages payable	$12,880

rev: 03-01-2011

11. Award: **2.00 points**

What is the amount of the current ratio (round to two decimal places)?

rev: 03-01-2011

- 5.00
- 2.02
- 1.00
- 5.22

As of the beginning of 2012 a company had total contributed capital of $410,000 and total retained earnings of $46,000. Total liabilities were $210,000. During the year 2012, the company had the following transactions:

- Issued stock for cash of $71,000.
- Declared and paid a cash dividend of $26,000.
- Reported total revenue of $171,000 and total expenses of $95,500.

rev: 03-02-2011

12. Award: **2.00 points**

What is the amount of contributed capital that will be reported on the Statement of Stockholders' equity at the end of 2012?

rev: 03-02-2011

- $473,000

- $574,000
- $410,000
- $481,000

13.

Award: **9.00 points**

CheapBooks Incorporated (CI) had the following business activities, for which you are to prepare journal entries. *Reference each journal entry to the transaction number, shown below.* **(Omit the "$" sign in your response.)**

1. Stockholders invest $59,000 cash in the corporation.
2. CI purchased $640 of office supplies on credit.
3. CI purchased office equipment for $9,000, paying $3,500 in cash and signing a 30-day note payable for the remainder.
4. CI paid $320 cash on account for office supplies purchased in transaction 2.
5. CI purchased two acres of land for $10,000, signing a 2-year note payable.
6. CI sold one acre of land at one-half of the total cost of the two acres, receiving the full amount or $5,000 in cash.
7. CI made a payment of $5,000 on its 2-year note.

	General Journal	Debit	Credit
1.	(Click to select)		
	(Click to select)		
2.	(Click to select)		
	(Click to select)		
3.	(Click to select)		
	(Click to select)		
	(Click to select)		
4.	(Click to select)		
	(Click to select)		
5.	(Click to select)		
	(Click to select)		
6.	(Click to select)		
	(Click to select)		
7.	(Click to select)		
	(Click to select)		

A company entered into the following transactions:
- Borrowed $5,050 from the bank by signing a promissory note
- Issued stock to owners for $10,500
- Purchased $1,050 of supplies, on account
- Paid $450 to suppliers as payment on account for the supplies purchased

rev: 03-01-2011

14.

Award: **2.00 points**

What is the amount of total assets?

rev: 03-01-2011

- $16,150
- $16,600
- $5,650
- $15,550

15. Award: **2.00 points**

What is the amount of total liabilities?

rev: 03-01-2011

- $6,100
- $16,150
- $16,600
- $5,650

The following balances are taken from Unadjusted Trial Balance as of December 31, 2010.

Accounts receivable	$ 5,500
Accounts payable	700
Cash	1,800
Consulting revenue	6,800
Contributing capital	5,000
Equipment	5,900
Insurance expense	450
Land	4,800
Notes payable, due 2015	5,000
Notes receivable, matures 2012	1,300
Prepaid insurance	450
Rent expense	1,450
Retained earning, January 1, 2010	7,950
Wage expense	3,800

rev: 03-02-2011

16. Award: **3.00 points**

What is the total of the debit side of the unadjusted trial balance?

rev: 03-02-2011

- $19,750
- $25,450
- $16,950
- $20,450

17. Award: **3.00 points**

What is the amount of the total liabilities at December 31?

rev: 03-02-2011

- $6,800
- $10,700
- $11,800
- $5,700

18. Award: **2.00 points**

On January 1, 2011, a company has assets of $14.90 billion and stockholders' equity of $9.10 billion. On January 1, 2012, the same company has assets of $18.90 billion and stockholders' equity of $10.10 billion. During 2011, the company had total sales revenue of $10.10 billion and total expenses of $5.90 billion. The company's debt-to-assets ratio on January 1, 2012 is:

rev: 03_20_2012

- 0.031
- 0.47
- 0.53
- 0.022

19. Award: **2.00 points**

The statement of cash flows shows the following information:

Cash Flows from operating activities	$17,300
Cash Flows from investing activities	($ 7,600)
Cash Flows from financing activities	($ 2,100)

The beginning cash was $15,450.
What is the amount of cash at the end of the period?

- $32,750
- $7,850
- $42,450
- $23,050

20. Award: **2.00 points**

A company's sales in 2010 are $350,000 and in 2011 sales are $435,000. The percentage change is: (Round your answer to one decimal place.)

- 1.2%
- 19.5%

○ 24.3%

○ 80.0%

21. Award: **3.00 points**

In January, a company pays for advertising space in the local paper for ads to be run during the months of January, February, and March at $1,520 a month. The payment would be recorded in January as a:

○ debit of $4,560 to Cash, a credit of $1,520 to Advertising Expense, and a credit of $3,040 to Prepaid Advertising.

○ debit of $1,520 to Advertising Expense, a debit of $3,040 to Prepaid Advertising, and a credit of $4,560 to Cash.

○ debit of $4,560 to Accounts Payable and a credit of $4,560 to Stockholders' Equity.

○ debit of $4,560 to Accounts Payable and a credit of $4,560 to Cash.

22. Award: **6.00 points**

Jim's Gymnastics Training's operations for the month of October are summarized as follows:

- Provided $6,600 of training to students.
- Received $9,200 cash from students—of which $3,900 is for training provided in October (as billed above), $1,900 is for training to be provided in November, and $3,400 is for training provided in September.
- Paid September's gym rental bill of $1,200. Received October's bill of $1,100 but did not pay.

(a) Calculate Net Income for October using the cash basis of accounting. **(Omit the "$" sign in your response.)**

Net income $

(b) Calculate Net Income for October using the accrual basis of accounting. **(Omit the "$" sign in your response.)**

Net income $

23. Award: **2.00 points**

In 1999, the Denim Company bought land that cost $15,500. In 2010, a similar piece of land was bought for $28,500 and the company's existing land was estimated to be worth $18,500. On the balance sheet at the end of 2010, the land that was purchased in 1999 would be reported at:

○ $18,500.

○ $28,500.

○ $15,500.

○ the average of three prices.