

**Spring 2015 Accounting 1010
The First Scrimmage**

Rules:

No cheating

Version A

Circle Instructor

Dr. Kirch

Mrs. Freeland

Dr. Garven

Name (Please Print)

PID

Days & Time of your class

Pledge: By signing my name below, I am promising that:

- 1) The work I complete is my own,**
- 2) I did not and will not give aid to others,**
- 3) I will not share any information about the examination with those who are taking it later, and**
- 4) I will report any others that I observe violating these rules.**

Signature _____

Circle answers to multiple choice on the exam as well as bubbling them in on the scantron sheet. DO NOT WRITE THE LETTER OF YOUR ANSWER ON THE EXAM. IF YOU DO THIS, YOU WILL GET A ZERO FOR THE EXAM!!!!

You may use the rest of this page and the back sides of the exams as well as the space around the questions for calculations. BE SURE TO WRITE YOUR NAME ON ANY LOOSE SHEETS.

Post the T-accounts for KJSC, Inc. for 2015.

Name _____

Multiple Choice. Please mark your answer on the bubble sheet and on this test. (6 points each) Do not put letters for answers beside question. Only circle the letter or strike through the letter you chose as the correct response.

- 1) You want to have enough money in the bank to pay for your child's education at OU. If the bank pay interest at 8% compounded quarterly and you will need to have \$72,000 in the bank in exactly 23 years, how much do you need to deposit today?
 - A) \$ 58,807.57
 - B) \$ 36,640.72
 - C) \$ 11,644.39
 - D) \$ 32,601.20
 - E) none of these

- 2) The final credit to retained earnings in the closing entry is:
 - A) the net income for the year
 - B) the net income for the year less dividends
 - C) the beginning retained earnings balance less the dividends
 - D) the total of all the expenses for the year
 - E) the total assets less the total liabilities

- 3) Which of the following groups contain only assets?
 - A) Land, sales revenue, cash
 - B) Accounts receivable, building, retained earnings
 - C) Accounts payable, notes payable, common stock
 - D) Equipment, security deposit, inventory
 - E) Revenue, expenses, operating income

- 4) Current Liabilities are:
 - A) By definition: "Bad Things"
 - B) Liabilities that will have to be paid within one year
 - C) Equal to long-term liabilities - Owners' Equity
 - D) Equal to Current Assets - Expenses for the period
 - E) Liabilities that are overdue for payment

- 5) According to the article "What It Takes to be Great", the best people in any field
 - A) devote the most hours to "deliberate practice"
 - B) need about 3 years of hard work to become world-class
 - C) start with some natural talent
 - D). none of these are true
 - E) A and B are true

- 6) The accounting equation is
- A) Debits = Credits
 - B) Having the same number of asset accounts on the balance sheet as the prior year
 - C) $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$
 - D) $\text{Revenues} - \text{Cost of Goods Sold} = \text{Gross Margin}$
 - E) Recording all expenses incurred in generating the revenues of the period
- 7) The matching concept is
- A) $\text{Revenues} = \text{Cost of Goods Sold}$
 - B) $\text{Assets} = \text{Liabilities} + \text{Owners' Equity}$
 - C) Debits = Credits
 - D) Recording all expenses incurred in generating the revenues of a period
 - E) Having the same amount in assets as you have in liabilities
- 8) Sarah Company had 6,000 shares of common stock outstanding on January 1, 2014. Sarah Company sold 4,000 shares on October 1, 2014. If he earned \$800,000, the EPS for 2014 would be:
- A) \$ 133.33
 - B) \$ 100.00
 - C) \$ 114.28
 - D) \$ 96.97
 - E) Some other amount
- 9) A Balance Sheet
- A) contains assets, liabilities and operating income
 - B) contains assets, liabilities and owners' equity
 - C) contains revenues and expenses
 - D) is governed by the all-inclusive concept
 - E) None of these
- 10) Which of the following changes describes the payment of \$3,000 to suppliers (accounts payable)?
- A) Assets and owners' equity increase by \$3,000
 - B) Assets and owners' equity decrease by \$3,000
 - C) Assets and liabilities decrease by \$3,000
 - D) Assets and liabilities increase by \$3,000
 - E) No changes in total assets, liabilities, nor owners' equity

11) The tomorrow part of the brain is

- A) the front
- B) the back
- C) evenly distributed throughout the brain
- D) the left side
- E) none of these

12) Which account will **NEVER** be included in a closing journal entry?

- A) Sales
- B) Retained Earnings
- C) Wages Payable
- D) Wage Expense
- E) Interest Expense

13) Alfred wants to have \$1,000,000 in the bank in ten years. If the bank pays interest at 8% compounded semi-annually, how much does she need to deposit today to reach her goal?

- A) \$ 391,510.78
- B) \$ 311,203.69
- C) \$ 463,193.49
- D) \$ 456,386.95
- E) Some other number

14) How much will Megan have in the bank in ten years if she deposits \$100,000 today and the bank pays interest semi-annually at 8%?

- A) \$ 215,892.50
- B) \$ 219,112.31
- C) \$ 180,000.00
- D) \$ 148,024.43
- E) Some other number

15) Items that go in the “Other Revenue and Expense” section of the income statement include:

- A) Office expense and depreciation
- B) Gross margin expense and depreciation
- C) Interest expense and interest revenue
- D) Operating expenses and other expenses
- E) Current assets and some liabilities depending on when they must be paid

- 16) On January 1, 2014 Babble Company purchased a new piece of equipment for \$82,000. He estimates that the equipment will last about 10 years and then be worth \$2,000 at the end. The depreciation expense for 2016 **(the third year)** would be:
- A) \$ 4,000
 - B) \$ 4,200
 - C) \$ 8,000
 - D) \$ 8,200
 - E) Some other number
- 17) For the equipment in problem 16, the accumulated depreciation account at the end of 2015 **(the second year)** would have a balance of:
- A) \$ 8,000
 - B) \$ 16,000
 - C) \$ 5,400
 - D) \$ 12,000
 - E) Some other number

Answer questions 18 - 24 using your entries and balances calculated for Problem 1: KJSC, Inc. for 2015.

- 18) Cost of Goods Sold for 2015 is
- A) \$ 203,000
 - B) \$ 206,000
 - C) \$ 200,000
 - D) \$ 210,000
 - E) Some other number
- 19) The current portion of the Note Payable at December 31, 2015 is
- A) \$ 10,000
 - B) \$ 20,000
 - C) \$ 220,000
 - D) \$ 240,000
 - E) Some other number
- 20) Depreciation Expense for 2015 is
- A) \$ 10,000
 - B) \$ 16,000
 - C) \$ 15,000
 - D) \$ 14,000
 - E) None of the above

21) Wage Expense for 2015 is

- A) \$ 96,000
- B) \$ 105,000
- C) \$ 106,000
- D) \$ 100,000
- E) \$ 94,000

22) Rent expense for 2015 is

- A) \$ 48,000
- B) \$ 39,000
- C) \$ 36,000
- D) \$ 24,000
- E) \$ 16,000

23) Accounts Payable at December 31, 2015 is

- A) \$ 100,800
- B) \$ 151,200
- C) \$ 224,000
- D) \$ 100,800
- E) None of the above

24) Accounts Receivable at December 31, 2015 is

- A) \$ 80,000
- B) \$ 294,000
- C) \$ 126,000
- D) \$ 151,200
- E) None of the above

Answer questions 25 - 35 using the financial information from Problem 2: Coton's Peppa Pigs, Inc. at December 31, 2015.

25) The **Total Current Assets** at December 31, 2015 was

- A) \$ 650,200
- B) \$ 215,000
- C) \$ 90,000
- D) \$ 395,200
- E) Some other number

26) **Total Assets** at December 31, 2015 was

- A) \$ 650,200
- B) \$ 395,200
- C) \$ 167,000
- D) \$ 482,000
- E) None of the above

- 27) The **Total Current Liabilities** at December 31, 2015 was
- A) \$ 90,000
 - B) \$ 80,000
 - C) \$ 70,000
 - D) \$ 47,000
 - E) Some other number
- 28) The **Total Liabilities** at December 31, 2015 was
- A) \$ 137,000
 - B) \$ 160,000
 - C) \$ 150,000
 - D) \$ 649,000
 - E) Some other number
- 29) The **Total Owners' Equity** at December 31, 2015 was
- A) \$ 239,000
 - B) \$ 139,000
 - C) \$ 490,200
 - D) \$ 482,000
 - E) Some other number
- 30) The **Gross Margin** for the year ended December 31, 2015 was
- A) \$ 420,000
 - B) \$ 370,000
 - C) \$ 440,000
 - D) \$ 85,000
 - E) Some other number
- 31) The **Operating Income** (Income from Operations) for the year ended at December 31, 2015 was
- A) \$ 440,000
 - B) \$ 303,400
 - C) \$ 135,600
 - D) \$ 136,600
 - E) Some other number
- 32) The **Dividends Declared** during 2015 were
- A) \$ -0-
 - B) \$ 20,000
 - C) \$ 10,000
 - D) \$ 8,000
 - E) Some other number

33) The **Stock Issued** during 2015 was

- A) \$ 0
- B) \$ 70,000
- C) \$ 210,000
- D) \$ 140,000
- E) Some other number

34) The **Taxable Income** (Income Before Taxes) for the year ended at December 31, 2015 was

- A) \$ 136,000
- B) \$ 126,000
- C) \$ 127,000
- D) \$ 112,500
- E) Some other number

35) The weighted average shares outstanding at December 31, 2015 was

- A) 6,000
- B) 13,500
- C) 21,000
- D) 19,250
- E) Some other number

Name _____

Problem Sheet

Listed below are the accounts and their respective balances for Kylie's Jarretts Supply Company (KJSC) at December 31, 2014:

Cash	\$ 270,000
Accounts Receivable	54,000
Inventory (400 Jarretts @ \$ 200 each)	80,000
Equipment	420,000
Accumulated Depreciation	160,000
Security Deposit	4,000
Accounts Payable	28,000
Taxes Payable	9,000
Wages Payable	5,000
Rent Payable	6,000
Note Payable	260,000
Common Stock (2,000 shares)	60,000
Retained Earnings	300,000

During 2015 the following transactions occurred:

- Paid prior year's accounts payable.
- Received prior year's accounts receivable.
- Purchased 1,200 Jarretts at \$210 each. Paid 60% down and will pay the rest later.
- Sold 1,000 Jarretts for \$420 each with 70% down (cash) and the other 30% will get later.
- Paid 2014 taxes payable.
- Paid cash for wages of \$105,000.
- Paid thirteen months' rent, \$39,000.
- Paid \$23,000 for advertising for 2015.
- Sold 500 shares of common stock for \$40.00 each on September 30, 2015.
- Paid utility bill for 2015, \$14,000.
- Paid annual payment on note payable of \$20,000
principal plus \$13,000 on December 31st.
- Paid a \$5,000 dividend to shareholders on December 31, 2015.

Also, during the year the company paid 50% of the 2015 taxes. The tax rate is 30%.

The company uses the FIFO inventory system.

At Dec 31, 2015, the company owed \$6,000 in wages which had not yet been paid.

The equipment originally cost \$420,000, had a forty year life and was expected to be worth \$20,000 at the end.

(Don't forget the current portion of long-term debt stuff!!!)

Prepare Journal Entries and T-Accounts on the pages provided in the exam for 2015

Problem 2

Colton's Peppa Pigs, Inc.

Listed below are the accounts for Colton's Peppa Pigs, Inc. at December 31, 2015 and their balances. The amounts listed for the Income Statement accounts are **before** the closing entry has been posted. The amounts for the Balance Sheet accounts are **after** the closing entry has been posted.

Accounts Payable	\$ 60,000
Accounts Receivable	150,000
Accumulated Depreciation	85,000
Advertising Expense	8,000
Building	200,000
Cash	183,200
Common Stock	210,000
Cost of Goods Sold	460,000
Equipment	100,000
Interest Expense	9,600
Insurance Expense	2,400
Inventory	62,000
Depreciation Expense	46,000
Note Payable	80,000
Office Expense	2,000
Rent Expense	36,000
Retained Earnings	280,200
Sales	900,000
Salaries Payable	8,000
Salary Expense	200,000
Security Deposit	40,000
Tax Expense	37,800
Taxes Payable	12,000
Utilities Expense	10,000

Colton's Peppa Pigs beginning balance (12/31/14) in Retained Earnings was \$200,000 and the beginning Common Stock balance was \$140,000. The company had 14,000 shares of common stock outstanding at the beginning of the year. During 2015 the company paid a dividend of ??????. The corporation issued 7,000 shares of common stock on April 1, 2015. The Note Payable requires annual payments of \$10,000 on principal plus interest at 8% on December 31st.

Use the information above to answer questions **25 – 35** on the exam.

Hint: You might want to draft the financial statements on the back sides of your exam pages.