Hong Zhang

ACC1140

Test 1 Do-over – Sample Answers

ACCEPTABLE

3) The question addresses Martin Corporation purchased land in 2007 for $290,000. In 2003, it purchased a nearly identical parcel of land for $460,000. In its 2013 balance sheet, Martin valued these two parcels of land at combined value of 920,000. By reporting the land in this manner, Martin Corp. has violated the. After researching, I realize the correct answer is A, cost principle because Martin add tow land of cost together.

UNACCEPTABLE:

3) It’s c, I think it is economic entity assumption because these two land are combined in a corporation.

ACCEPTABLE

16) The question addresses a company spends $15 million dollars for an office building. Over what period should the expense of using the building be recognized? After researching, I realize the correct answer is C, over the useful life of the building because the asset of this building is composed by building expense and accumulated depreciation every year. Only when this building is useless, the accumulated depreciation will be equal zero.

UNACCEPTABLE:

16) It’s a, I think when the $15 million is expended in cash because I didn’t see the expense.

ACCEPTABLE

22) The question addresses the net income (or loss) for the period. After researching, I realize the correct answer is C, is found by computing the difference between the income statement columns of the worksheet which is debit column minus credit column.

UNACCEPTABLE:

23) It’s a, I think the net income (or loss) should exist in the income statement credit column and the balance sheet credit column on the worksheet.

ACCEPTABLE

23) The question addresses the balance in the Income and Expense Summary prior to closing, if Sales are $540,000, Expenses are $440,000, and Dividends are $50,000. I incorrectly answered A, because I thought that Dividends were closed into the Income and Expense Summary, and that would result in a Credit balance of $50,000. After researching, I realize that Dividends are closed directly to the Retained Earnings account. The correct answer is D, a credit balance of $100,000, which would result after a credit of $540,000 and a debit of $440,000.

UNACCEPTABLE:

23) It’s c, I just think the balance of income summary after to closing.