ACCT 215 Fall 2009 Quiz #1

Quiz Section Number:

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Instructions:

- There are 20 points possible.
- Please write your answers in the space provided at the top of the page. Answers written anywhere else will not be graded.

ANSWERS: 1.	5a. inventenziverèses socioso/ 6a. AR incresses 75,000 5b. Accounts payable incress 100,000 6b. NIA
3. b -/ 4. C /	50. RE increses 400,000 - 2 60. REincreses 100,000.

- 1) Which set of accounts is properly classified as "assets"? (2 pts)
 - a) Land, accounts receivable, accounts payable
 - b) Inventory, cash, retained earnings
 - © Prepaid rent, inventory, accounts receivable
 - d) Dividend payable, cash, accounts receivable



- 2) If retained earnings were \$12,000 at the beginning of the period, \$5,000 in dividends were declared during the period, contributed capital remained unchanged, and retained earnings was \$9,000 at the end of the period, what was net income or loss for the period? (2 pts)
- 3) When is revenue recognized? (Choose the most correct response.) (2 pts) A = (+ 0 = a) When cash is received from a customer

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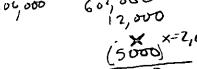
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- - a) Assets increase
 - b) Assets decrease
 - (d) Assets remain unchanged



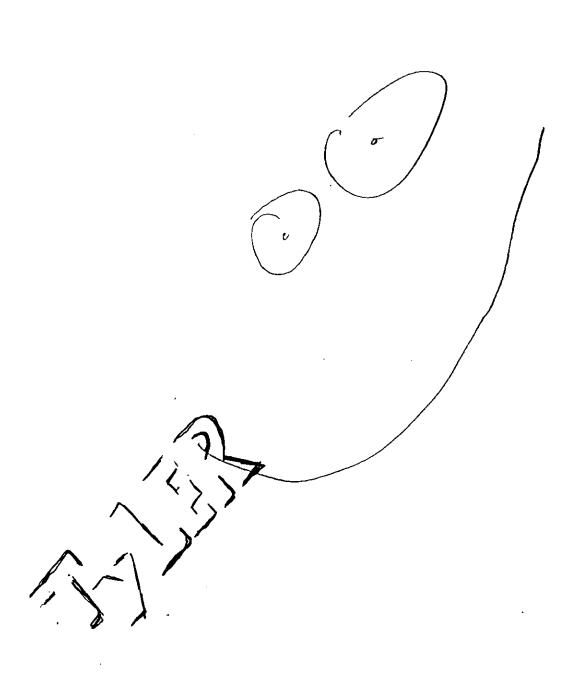
Please answer the following questions regarding each transaction by providing amounts and directions in your answer. Note: N/A may be an acceptable answer. Example: Question: What happens to revenues? Answer: Revenues decrease by \$10

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Starbucks purchases \$500,000 worth of coffee beans from its suppliers in Guatemala. Starbucks pays for 80% of its purchase with cash. The remaining 20% is purchased on open account (i.e. with credit).

- a) What happens to inventory? (2 pts)
- b) What happens to accounts payable? (2 pts)
- c) What happens to retained earnings? (2 pts)
- × 500,000 100 (46,000)
- Starbucks sells \$50,000 of this coffee for \$150,000. Half of all sales are made on open account.
 - a) What happens to accounts receivable? (2 pts) A=L + OE
 - b) What happens to accounts payable? (2 pts) 100,000
 - c) What happens to retained earnings? (2 pts)





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