1. During 2015, its first year of operations, Neko’s Bakery had revenues of $60,000 and expenses of $35,000. The business paid dividends of $20,000. What is the amount of stockholders’ equity at December 31, 2015?

* 1. $0
  2. $5,000 credit
  3. $25,000 credit
  4. $20,000 debit

2. At September 1, 2015, Promise Ring Co. reported stockholders’ equity of $156,000. During the month, Promise Ring generated revenues of $38,000, incurred expenses of $21,000, purchased equipment for $5,000 and paid dividends of $2,000. What is the amount of stockholders’ equity at September 30, 2015?(

* 1. $166,000
  2. $171,000
  3. $173,000
  4. $176,000

3. Delta72 Company received a cash advance of $700 from a customer. As a result of this event,

* 1. assets increased by $700.
  2. stockholders’ equity increased by $700.
  3. liabilities decreased by $700.
  4. assets and stockholders’ equity increased by $700

4. Sebastian Belle has performed $2,000 of CPA services for a client but has not billed the client as of the end of the accounting period. What adjusting entry must Sebastian make?

1. Debit Cash and credit Unearned Service Revenue
2. Debit Accounts Receivable and credit Unearned Service Revenue
3. Debit Accounts Receivable and credit Service Revenue
4. Debit Unearned Service Revenue and credit Service Revenue

5. Sebastian Belle, CPA, has billed her clients for services performed. She subsequently receives payments from her clients. What entry will Sebastian make upon receipt of the payments?

1. Debit Unearned Service Revenue and credit Service Revenue
2. Debit Cash and credit Accounts Receivable
3. Debit Accounts Receivable and credit Service Revenue
4. Debit Cash and credit Service Revenue

6. Froggie Company earned revenues of $200,000 in their first year of operations and incurred expenses of $70,000. As a result of these transactions, Froggie’s retained earnings ending balance will be:

a. $130,000

b. $200,000

c. $117,000

d. ($70,000)

7. Froggie Company collects $120,000 on July 1st 2015 for monthly services to be rendered between July 1, 2015 and June 30th 2016. On July 1, 2015 which of the folliwing best describes the impact for this transaction on Froggie’s financial statements?

* 1. Assets and Revenue will increase
  2. Assets and Revenue will decrease
  3. Assets and Liabilities will not be effected by the transaction.

d. Assets and Liabilities will increase

8. Using the same facts as question 7, what impact will provding the services have on Froggies financial statements?

* 1. Assests will increase and liabilities will decrease
  2. Liabilities will decrease and revenues will increase
  3. Assets and liabilities will both increase
  4. Liabilities and revenues will both increase

9. Froggie Company purchased a buidling for $1,200,000. Froggie did not have the cash to purchase the buidling, but provided the seller with a $1,000,000 cash down payment and agreed to pay the $200,000 balance for the next 2 years. As a result of this transaction:

1. Assets will increase by $1,200,000
2. Liabilities will increase by $1,200,000
3. Assets will increase by $200,000 and liabilties will increase by $200,000

d. Assets will decrease by $1,000,000 and liabilities will increase by $200,000

10. On January 1, 2015, Mudhoney Inc. purchased equipment for $30,000. The company is depreciating the equipment at the rate of $500 per month. At January 31, 2015, the balance in Accumulated Depreciation is

a. $500.

b. $6,500.

c. $6,000.

d. $23,500.

11. Using the same facts as question 10, depreciation expense at January 31, 2015 would be:

a. $500.

b. $6,500.

c. $6,000.

d. $23,500.

12. The income statement for the year 2013 of Fugazi Co. contains the following information:

Revenues $70,000

Expenses:

Salaries and Wages Expense $45,000

Rent Expense 12,000

Advertising Expense 8,000

Supplies Expense 6,000

Utilities Expense 2,500

Insurance Expense 2,000

Total expenses 75,500

Net income (loss) $(5,500)

At January 1, 2013, Fugazi reported retained earnings of $50,000. DivIdends for the year totalled $10,000. At December 31, 2013, the company will report retained earning of

a. $15,500.

b. $34,500.

c. $40,000.

d. $45,500.