15. The income statement and balance sheet columns of Pine Company's worksheet reflects the following totals:

Income Statement Balance Sheet

Dr. Cr. Dr. Cr.

Totals $58,000 $48,000 $34,000 $44,000

The net income (or loss) for the period is

a. $48,000 income.

b. $10,000 income.

c. $10,000 loss.

d. not determinable.

Use the following information for questions 16-20

The income statement for the month of June, 2008 of Delgado Enterprises contains the following information:

Revenues $7,000

Expenses:

Wages Expense $2,000

Rent Expense 1,000

Supplies Expense 300

Advertising Expense 200

Insurance Expense 100

Total expenses 3,600

Net income $3,400

16. The entry to close the revenue account includes a

a. debit to Income Summary for $3,400.

b. credit to Income Summary for $3,400.

c. debit to Income Summary for $7,000.

d. credit to Income Summary for $7,000.

17. The entry to close the expense accounts includes a

a. debit to Income Summary for $3,400.

b. credit to Rent Expense for $1,000,

c. credit to Income Summary for $3,600.

d. debit to Wages Expense for $2,000.

18. After the revenue and expense accounts have been closed, the balance in Income Summary will be

a. $0.

b. a debit balance of $3,400.

c. a credit balance of $3,400.

d. a credit balance of $7,000.

19. The entry to close Income Summary to Retained Earnings includes

a. a debit to Revenue for $7,000.

b. credits to Expenses totalling $3,600.

c. a credit to Income Summary for $3,400

d. a credit to Retained Earnings for $3,400.

20. At June 1, 2008, Delgado reported retained earnings of $35,000. The company had no dividends during June. At June 30, 2008, the company will report retained earnings of

a. $35,000.

b. $42,000.

c. $38,400.

d. $31,600.

21. Costs become expenses

a. when they are paid.

b. when they are charged against revenues.

c. when they are purchased.

d. at the end of the accounting period.

22. Working capital is

a. Net income divided by sales.

b. Current assets minus current liabilities.

c. Current assets divided by current liabilities.

d. Total debt divided by total assets.

23. The Sarbanes-Oxley Act of 2002 requires that all U.S. corporations under the jurisdiction of the Securities and Exchange Commission

a. have at least one foreign subsidiary.

b. maintain accounting records of foreign branches and subsidiaries in the local foreign currency.

c. maintain an adequate system of internal control.

d. must file reports with the National Commission on Fraudulent Financial Reporting.

24. Having one person post entries to accounts receivable subsidiary ledger and a different person post to the Accounts Receivable Control account in the general ledger is an example of

a. inadequate internal control.

b. duplication of effort.

c. external verification.

d. segregation of duties.

25. Assume the following cost of goods sold data for a company:

2009 $1,500,000

2008 1,200,000

2007 900,000

If 2007 is the base year, what is the percentage increase in cost of goods sold from 2007 to 2009?

a. 167%

b. 67%

c. 60%

d. 40%

Use the following information for questions 26-27:

Moon Beam, Inc. has the following income statement (in millions):

MOON BEAM, INC.

Income Statement

For the Year Ended December 31, 2008

Net Sales $180

Cost of Goods Sold 120

Gross Profit 60

Operating Expenses 33

Net Income $ 27

26. Using vertical analysis, what percentage is assigned to Cost of Goods Sold?

a. 67%

b. 33%

c. 100%

d. None of the above

27. Using vertical analysis, what percentage is assigned to Net Income?

a. 100%

b. 85%

c. 15%

d. None of the above

Use the following information for questions 28 -29.

Raney Corporation had net income of $200,000 and paid dividends to common stockholders of $50,000 in 2008. The weighted average number of shares outstanding in 2008 was 50,000 shares. Raney Corporation's common stock is selling for $40 per share on the New York Stock Exchange.

28. Raney Corporation's price-earnings ratio is

a. 2.5 times.

b. 10 times.

c. 13.3 times.

d. 4 times.

29. Raney Corporation's payout ratio for 2008 is

a. $4 per share.

b 33.3%.

c. 25%.

d. 10%.

30. Holt Company reported the following on its income statement:

Income before income taxes $420,000

Income tax expense 120,000

Net income $300,000

An analysis of the income statement revealed that interest expense was $52,500. Holt Company's times interest earned was

a. 9 times.

b. 8 times.

c. 7 times.

d. 6 times.