1. For each of the following, indicate whether the transaction affects a revenue account, an expense account, the Retained Earnings account or the Common Stock account.

1. Made an investment to start the business.

2. Billed customers for services performed.

3. Paid monthly rent.

4. Distributed a portion of earnings to shareholders.

2. The ledger account balances for Jenkins Company are listed below. Accounts Payable $ 8,000 Accounts Receivable 7,000 Cash 13,000 Common Stock 3,000  
 Retained Earnings 4,000 Repair Revenue 40,000 Salaries Expense 25,000 Unearned Revenue 2,000 Utilities Expense 12,000

**Instructions**

Prepare a trial balance in proper form for Jenkins at December 31, 2011.

3. Flynn Company prepares monthly financial statements. On July 1, the Office Supplies account had a balance of $3,000. During July, additional office supplies were purchased for $3,800 and that amount was debited to Office Supplies Expense. On July 31, a physical count of office supplies revealed that there was $2,400 on hand. Prepare the adjusting journal entry that Flynn Company should make on July 31.

4. Compute the dollar amount of current assets based on the following account balances.

Accounts Receivable $16,000Accumulated Depreciation 27,000Cash 24,000Equipment 93,000Prepaid Rent 7,000Inventory 15,000

5. The following information is available for Bambridge Company:

Beginning inventory $ 45,000Ending inventory 70,000Freight-out 10,000Purchases 270,000Purchase returns and allowances 8,000

**Instructions**Compute each of the following:(a) Net purchases(b) Cost of goods sold

6. Sims Company is in the ceramics industry and the amounts that it pays for inventory are increasing.**Instructions**For Sims Company, indicate which inventory method (i.e., FIFO or LIFO) will:a. provide the higher ending inventory.b. provide the higher cost of goods sold.c. result in the higher net income.d. result in the lower income tax expense.

7. The revenue recognition principle

a. states that revenue should be recognized in the period when received.

b. states that expense recognition is tied to revenue recognition.

c. requires that revenue be recognized in the accounting period when it is earned.

d. requires that events which make a difference to financial statement users be disclosed.

8. Given the following information, determine the adjusted cash balance per books from the following information:

1. Balance per books as of June 30, $9,300.
2. Outstanding checks, $600.
3. NSF check returned with bank statement, $130.
4. Deposit mailed the afternoon of June 30, $300.
5. Check printing charges, $30.
6. Interest earned on checking account, $40.

9. Brama Distributors has the following transactions related to notes receivable during the last two months of the year.

Dec. 1 Loaned $12,000 cash to E. Hoffer on a 1-year, 6% note.

16 Sold goods to J. Smith, receiving a $2,400, 60-day, 7% note.

31 Accrued interest revenue on all notes receivable.

**Instructions**

Journalize the transactions for Brama Distributors.

10. Robot Enterprises sold equipment on January 1, 2011 for $5,000. The equipment had cost $24,000. The balance in Accumulated Depreciation at January 1 is $20,000. What entry would Robot make to record the sale of the equipment?

11. On July 1, 2011, Frodo Corporation issued $800,000, 6%, 10-year bonds at face value. Interest is payable annually on January 1, beginning January 1, 2012. Frodo Corporation has a calendar year end.

**Instructions**

Prepare all entries related to the bond issue for 2011.  
  
12. If the average collection period is 35 days, what is the receivables turnover?

a. 9.49 times

b. 10.43 times

c. 5.22 times

d. None of these

13. The following items were shown on the balance sheet of Herman Corporation on December 31, 2011:

Stockholders’ Equity

Paid-In Capital

Capital Stock

Common stock, $5 par value, 360,000 shares

authorized; \_\_\_\_\_\_ shares issued and \_\_\_\_\_\_ outstanding $1,650,000

Additional paid-in capital

In excess of par value 165,000

Total paid-in capital 1,815,000

Retained Earnings 750,000

Total paid-in capital and retained earnings 2,565,000

Less: Treasury stock (15,000 shares) (180,000)

Total stockholders' equity $2,385,000

**Instructions**

Complete the following statements and show your computations.

(a) The number of shares of common stock issued was \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(b) The number of shares of common stock outstanding was \_\_\_\_\_\_\_\_\_\_\_\_.

(c) The sales price of the common stock when issued was $\_\_\_\_\_\_\_\_\_\_\_\_.

(d) The cost per share of the treasury stock was $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(e) The average issue price of the common stock was $\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

(f) Assuming that 25% of the treasury stock is sold at $20 per share, the balance in the Treasury Stock account would be $\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.