**Question 1**(5 points)

**Annapolis Company purchased a $3,000, 4%, 9-year bond at 95 and held it to maturity. The straight line method of amortization is used for both premiums & discounts. What is the net cash received over the life of the bond investment?   (all money received minus all money paid, round to nearest whole dollar)**

Your Answer:

Question 1 options:

|  |
| --- |
|  |
| Answer |

**Question 2**(5 points)

**Ocean Pines Company had net income $550,000. They also had depreciation expense of $125,000, an increase or (decrease) in accounts receivable of $30,000, and an increase or (decrease) in inventory of $5,000. Ocean Pines prepares their Statement of Cash Flows using the indirect method.  Use this information to determine the dollar value of cash provided or (used) by operating activities. If the total is a use of cash, enter as a negative number.  (a negative number for accounts receivable or inventory indicates that the balance decreased)**

Your Answer:

Question 2 options:

|  |
| --- |
|  |
| Answer |

**Question 3**(5 points)

On January 2, 2019, All Good Company purchased 9,000 shares of the stock of Big Bad Company, and DID NOT obtain significant influence.  The investment is intended as a long-term investment.  The stock was purchased for $20 per share, and represents a 10% ownership stake.  Big Bad Company made $400,000 of net income in 2019, and paid dividends to All Good Company of $10,000 on December 15, 2019.  On December 31, 2019, Big Bad Company's stock was trading on the open market for $20.50 per share at the end of the year.  **Use this information to determine the unrealized gain or loss on the investment that should be reported at year end by All Good Company.  If it is a loss, enter as a negative number.  Round to nearest whole dollar.**

Your Answer:

Question 3 options:

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| --- |
|  |
| Answer |

**Question 4**(5 points)

**On January 2, 2018, All Good Company purchased 10,000 shares of the stock of Big Bad Company, and DID obtain significant influence.  The investment is intended as a long-term investment.  The stock was purchased for $17 per share, and represents a 30% ownership stake.  Big Bad Company made $500,000 of net income in 2018, and paid dividends to All Good Company of $35,000 on December 15, 2018.  Big Bad Company's stock was trading on the open market for $14 per share at the end of the year.  Use this information to determine the book value of the investment that should be reported at year end by All Good Company. Round to nearest whole dollar.**

Your Answer:

Question 4 options:

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| --- |
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| Answer |

**Question 5**(5 points)

**Allstar Company signed a $150,000 mortgage on July 1, 2018 for the purchase of their new garage building. The mortgage entailed equal monthly payments of $2,600 at the end of each month. The interest rate is 5.0% per year.  How much interest expense will be paid on August 31, 2018? (Round your answer to the nearest whole dollar.)**

Your Answer:

Question 5 options:

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| --- |
|  |
| Answer |

**Question 6**(5 points)

**On January 2, 2018, Alpaca Company purchased 14,000 shares of the stock of Zebra Company, and did not obtain significant influence.  The investment is intended as a long-term investment.  The stock was purchased for $12 per share, and represents a 10% ownership stake.  Zebra Company made $55,000 of net income in 2018, and paid dividends of 50 cents per share on December 15, 2018.  On December 31, 2018, Zebra Company's stock was trading on the open market for $15 per share at the end of the year.  Use this information to prepare the General Journal entry(ies) (without explanation) for January 2 purchase and the December 15 & 31, 2018 record of income & gain/loss. If no entry is required then write "No Entry Required."**

Question 6 options:

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**Question 7**(5 points)

**On April 1, 2019, Alaska Trading Company issued $900,000 of 6%, 10-year bonds.  The bonds, which were issued at 98, pay interest on October 1 and April 1. Use this information to prepare the General Journal entry (without explanation) to record the April 1, 2019 bond issue. If no entry is required then write "No Entry Required."**

Question 7 options:

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**Question 8**(5 points)

**On January 1, 2018, Baltimore Company issued $200,000 face value, 8%, 5-year bonds at 102.  Interest is paid annually on January 1.  Baltimore uses the straight-line method for amortization. Use this information to determine the dollar value of the interest expense for the 2018 fiscal year. Round your answer to the nearest whole dollar.**

Your Answer:

Question 8 options:

|  |
| --- |
|  |
| Answer |

**Question 9**(5 points)

**On August 1, 2018, Dorchester Company entered into a capital lease, and correctly recorded the leased asset, and related obligation at $100,000.  The annual interest rate implicit in the lease was 9%, and the first lease payment of $1,600 is due at the end of each month of the lease.  Use this information to prepare the General Journal entry (without explanation) for the August 31, 2018 monthly lease payment. If no entry is required then write "No Entry Required." (Round your answer to the nearest whole dollar.)**

Question 9 options:

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**Question 10**(5 points)

**On January 2, 2019, Frederick Corporation issued 18,000 shares of $10 par value common stock for $13 per share. On April 1, 2019, Alpha reacquired 1,500 of these shares when they were trading $16 per share.  On August 1, 2019 Frederick reissued 800 shares of treasury stock at the going market rate of $19 per share. Use this information to prepare the General Journal entry (without explanation) for the August 1 transaction.**

Question 10 options:

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**Question 11**(5 points)

**On January 1, 2019, Frederick Corporation had 200,000 shares of common stock outstanding with a par value of $5 per share. On March 31, Frederick Corporation authorized a 10% stock dividend when the market value was $18 per share. Use this information to prepare the General Journal entry (without explanation) for March 31. If no entry is required then write "No Entry Required."**

Question 11 options:

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**Question 12**(5 points)

**The following are selected accounts for the Wicomico Company after all Fiscal Year December 31, 2018, adjusting entries & closing entries have been posted. All balances are normal.**

|  |  |
| --- | --- |
| **Account** | **Amount** |
| **Common Stock, $10 par** | **$260,000** |
| **Treasury Stock, at cost $16 per share** | **32,000** |
| **Dividends Payable** | **13,000** |
| **Paid in Capital in excess of par, Common Stock** | **52,000** |
| **Accounts Receivable** | **24,500** |
| **Retained Earnings** | **217,000** |
| **Bonds Payable** | **150,000** |
| **Preferred Stock, $100 par, 4% cumulative** | **100,000** |

**Prepare only the Stockholder's Equity section of the Classified Balance Sheet for the year end. Be sure to use a good format, dollar signs and single underlines were required. There are a few extra lines in the formatted input answer form to allow for acceptable balance sheet format variations.**

Question 12 options:

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**Question 13**(5 points)

**At fiscal year end, December 31, 2018, Somerset Corporation had total stockholders' equity of $3,200,000. On FY 2018 year end, Somerset Corporation had Common Stock account of $1,300,000 of $10 par value common stock and Preferred Stock account of $250,000 of $100 par value.  There was no treasury stock. The preferred stock was noncumulative and had a call price of $102.  Use this information to determine the book value per share of Common Stock as of end of the FY 2018: (Round your answer to the nearest penny.)**

Your Answer:

Question 13 options:

|  |
| --- |
|  |
| Answer |

**Question 14**(5 points)

**The following financial information is for Chesapeake Corporation are for the fiscal years ending 2018 & 2017 (all balances are normal):**

|  |  |  |
| --- | --- | --- |
| **Item/Account** | **2018** | **2017** |
| **Cash** | **$35,000** | **$24,000** |
| **Accounts Receivable** | **56,000** | **52,000** |
| **Inventory** | **60,000** | **34,000** |
| **Current Liabilities** | **76,000** | **42,000** |
| **Net Sales (all credit)** | **550,000** | **485,000** |
| **Cost of Goods Sold** | **310,000** | **265,000** |

**Use this information to determine the number of days in inventory for 2018: (Use a 365 day year.  Round & enter your answers to one decimal place and enter the value.)**

Your Answer:

Question 14 options:

|  |
| --- |
|  |
| Answer |

**Question 15**(5 points)

**The following financial information is for Chesapeake Corporation are for the fiscal years ending 2018 & 2017 (all balances are normal):**

|  |  |  |
| --- | --- | --- |
| **Item/Account** | **2018** | **2017** |
| **Cash** | **30,000** | **$24,000** |
| **Accounts Receivable** | **46,000** | **52,000** |
| **Inventory** | **48,000** | **48,000** |
| **Current Liabilities** | **64,000** | **42,000** |
| **Net Sales (all credit)** | **550,000** | **485,000** |
| **Cost of Goods Sold** | **288,000** | **265,000** |

**Use this information to determine the number of current ratio as of December 31, 2018: (Round & enter your answers to one decimal place and enter the value.)**

Your Answer:

Question 15 options:

|  |
| --- |
|  |
| Answer |

**Question 16**(5 points)

**The following information is related to Towson Company's fiscal year 2018.**

**Income Statement:**

**Net Income                             $3,400,000**

**Depreciation Expense                350,000**

**Loss on Sale of Plant Assets       40,000**

**Interest Expense                             5,000**

**Balance Sheet - 12/31/17: Increase (Decrease)**

**Accounts Payable decrease       20,000**

**Plant Assets - Purchased        250,000**

**Plant Assets - Disposals         (100,000)**

**Additional Information:**

**Common Stock exchanged for outstanding Long Term Notes Payable of $125,000**

**Dividends paid were $30,000**

**Use this information to determine Towson Company's Net Cash Flows from Operating Activities. If the amount is an outflow then enclose the amount with dollar sign inside of brackets ( ).**

Your Answer:

Question 16 options:

|  |
| --- |
|  |
| Answer |

**Question 17**(20 points)

**The following information is related to Somerset Company's fiscal year 2018.**

**Income Statement:**

**Net Income                             $4,000,000**

**Depreciation Expense                650,000**

**Gain on Sale of Plant Assets          50,000**

**Interest Expense                             5,000**

**Balance Sheet - 12/31/17: Increase (Decrease)**

**Accounts Receivable               ($45,000)**

**Plant Assets - Purchased        250,000**

**Plant Assets - Disposals         (100,000)**

**Additional Information:**

**Common Stock exchanged for outstanding Long Term Notes Payable of $150,000**

**Dividends paid were $35,000**

**Use this information to prepare a partial Statement of Cash Flows for Somerset Company. Prepare only the section related to Cash Flows from Operating Activities.**

Question 17 options:

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