

Group 6

The following information was taken from the accounting records of Budget Burials, a funeral parlor located in Rainbow Valley. Budget Burials promises its clients a “cheaper and deeper” coffin-less interment. All accounts shown have normal balances.

BUDGET BURIALS “Cheaper & Deeper”	JANUARY 1, 2016	DECEMBER 31, 2016 AFTER ADJUSTING ENTRIES & BEFORE CLOSING ENTRIES
Cash	\$4,800	\$11,750
Accounts Receivable	2,400	3,200
Supplies On Hand	640	580
Prepaid Insurance	50	550
Accounts Payable	1,800	1,650
Pearl E. Gates, Capital	???	???

ADDITIONAL INFORMATION:

- The owner, Pearl E. Gates, withdrew \$4,000 during the fiscal period.
- Insurance premiums paid in advance amounted to \$600.
- Services rendered on account amounted to \$39,000.
- \$460 worth of supplies were used during the fiscal period.
- Various expenses incurred and charged on account amounted to \$28,000.
- Pearl E. Gates made one \$6,000 capital contribution about half-way through the year.
- The supplies bought during the year were paid for with cash.
- The remainder of the credits to Cash represent purchases of office equipment.

Using the information given above, answer Questions 46 through 60. Write your correct responses on your answer sheet.

46. Was Pearl E. Gates’s beginning capital account balance larger or smaller than its ending balance before closing? (Write Larger or Smaller on your answer sheet.)

*47. What amount of capital was shown on Pearl E. Gates’s work sheet on December 31, 2016?

48. What amount of supplies were bought during the fiscal period?

49. What amount of insurance premiums expired during the year?

50. What were the total debits on the post-closing trial balance on December 31, 2015?

51. What amount of cash was paid on Accounts Payable during the year?

52. What was the total amount received on account from Budget Burials’ charge customers in 2016?

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- *53. What was the total amount of office equipment purchased by Budget Burials during 2016?
- 54. What was the amount of total expenses on Budget Burials' 2016 income statement?
- *55. What was Budget Burials' net income for 2016?
- 56. What was the balance of Pearl E. Gates's capital account after all closing entries were posted?
- 57. What are the total debits on Budget Burials' post-closing trial balance on December 31, 2016?
- 58. What was the percentage increase or decrease in Pearl E. Gates's capital account (after closing) for the year? (Round to the nearest tenth of a percent. Decrease must be shown in parentheses.)
- 59. What was the percentage increase or decrease in Budget Burials' Accounts Payable account during 2016? (Round to the nearest tenth of a percent. Decrease must be shown in parentheses.)
- 60. What was the component percent for Net Income on Budget Burials' 2016 income statement? (Round to the nearest tenth of a percent. Decrease must be shown in parentheses.)

Group 7

For each of the statements shown below, write TRUE or FALSE on the answer sheet.

- 61. Land used in the operation of a business would be classified as an investment asset.
- 62. Assets that have no physical form are classified as intangible assets.
- 63. ABC Company buys 100 shares of XYZ Company stock. ABC would classify the XYZ shares as capital stock.
- 64. Unearned revenue would be classified as a liability account.
- 65. Prepaid Expenses are classified as current assets.
- 66. Working capital is a basic measure of a company's ability to pay its debts.
- 67. Working capital is closely related to the operating cycle of a business.
- *68. Working capital is affected by the issuance of a short-term promissory note.
- *69. Working capital is decreased if current liabilities are increased.
- 70. The sale of stock brings working capital into a business.
- 71. The payment of a dividend reduces working capital.
- 72. The current ratio is a liquidity ratio.
- 73. The quick ratio and the return on assets ratio are both profitability ratios.
- 74. The current ratio is also known as the acid test ratio.
- 75. A profitability ratio measures a business's earning power.