



SAUDER
School of Business

ROBERT H. LEE
GRADUATE SCHOOL

Financial Accounting Prep Self-Assessment Test Solutions

Accounting Self-Assessment Test Solutions

Question No. 1:

<u>TRANSACTION NUMBER</u>	<u>ASSETS</u>	<u>LIABILITIES</u>	<u>SHAREHOLDERS' EQUITY</u>
a.	U \$ 4,000	U \$ 4,000	N
b.	U \$80,000	U \$80,000	N
c.	N	N	N
d.	U \$ 1,000	U \$ 1,000	N
e.	O \$ 500 *	N	N
	U \$ 500 *	N	N
f.	U \$ 5,000	N	\$ 5,000
g.	O \$10,000	O \$10,000	N
h.	O \$5,000 *	N	N
	U \$5,000 *	N	N

* "N" is also acceptable here.

Question No. 2

SCENTS OF FLOWERS LTD.
T-Accounts
Year ended February 28, 2000

CASH	
(1) 50,000	10,200 (4)
(2) 50,000	24,000 (5)
(10) 70,000	6,000 (6)
	500 (7)
	4,350 (8)
	7,625 (9)
	39,000 (13)
	1,000 (14)
	15,000 (16)
62,325	

SHARE CAPITAL	
	50,000 (1)

LOANS PAYABLE	
	50,000 (2)

INVENTORY	
(3) 45,000	40,000 (1)
5,000	

ACCOUNTS PAYABLE	
(13) 39,000	45,000 (3)
	6,000

WAGES & SALARIES	
(4) 10,200	
(5) 24,000	
34,200	

RENT EXPENSE	
(6) 6,000	

TAXES AND LICENSES EXPENSE	
(7) 500	
(18) 100	
600	

SALES	
	75,000 (10)

SUPPLIES USED	
(8) 4,350	350 (12)
4,000	

MISCELLANEOUS EXP.	
(9) 7,625	

COST OF SALES	
(11) 40,000	

ACCOUNTS RECEIVABLE	
(10) 5,000	

PREPAID INSURANCE	FURNITURE & FIXTURES	ACCUMULATED DEPRECIATION
(14) 500	(16) 15,000	3,000 (17)
DEPRECIATION EXPENSE	ACCRUED TAXES & LICENSES	ACCRUED INTEREST PAYABLE
(17) 3,000	100 (18)	5,000 (15)
INTEREST EXPENSE	SUPPLIES ON HAND	INSURANCE EXPENSE
(15) 5,000	(12) 350	(14) 500

SCENTS OF FLOWERS LTD.
Income Statement
For the Year Ended February 28, 2000

Sales		\$75,000
Cost of sales		<u>40,000</u>
Gross Profit		\$35,000
Selling and administrative expenses:		
Wages and salaries	\$34,200	
Rent	6,000	
Taxes & Licenses	600	
Supplies	4,000	
Miscellaneous	7,625	
Depreciation	3,000	
Interest	5,000	
Insurance	<u>500</u>	<u>60,925</u>
Net loss		<u>\$ 25,925</u>

SCENTS OF FLOWERS LTD.
Balance Sheet
February 28, 2000

Assets

Current Assets:

Cash		\$62,325
Accounts receivable		5,000
Inventory		5,000
Prepaid insurance		500
Supplies on hand		<u>350</u>
		\$73,175

Furniture & fixtures	\$15,000	
<u>less</u> accumulated depreciation	<u>3,000</u>	<u>12,000</u>
		<u>\$85,175</u>

LIABILITIES & SHAREHOLDERS' EQUITY

Current Liabilities:

Accounts payable		\$ 6,000
Accrued interest payable		5,000
Accrued taxes & licenses		<u>100</u>
		\$11,100

Loan payable		50,000
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Shareholders' equity:

Share capital	\$50,000	
Deficit	<u>25,925</u>	<u>24,075</u>
		<u>\$85,175</u>

Question No. 3

KIRSTIN WAYNE LTD.
Statement of Cash Flows
For the Year Ended December 31, 1999

OPERATIONS:		
Net Income	\$10,600	
Add (deduct):		
Depreciation expense	40,000	
Gain on sale of property, plant & equipment	(600)	
Decrease in accounts receivable		20,000
Increase in inventory	(20,000)	
Increase in accounts payable	<u>30,000</u>	\$80,000
INVESTING:		
Sale of property, plant & equipment	\$ 1,000	
Purchase of property, plant & equipment	<u>(120,000)</u>	(119,000)
FINANCING:		
Issuance of short-term notes	\$40,000	
Issuance of common shares	10,000	
Repayment of bonds	(20,000)	
Cash dividends paid	<u>(6,000)</u>	<u>24,000</u>
Decrease in cash		\$15,000
Cash balance at January 1, 1994		<u>40,000</u>
Cash balance at December 31, 1994		<u>\$25,000</u>