

## Financial Accounting

2012/2013

GAi

Mid-term Assessment

November 21, 2012

Name: \_\_\_\_\_

Grade:
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### General Information

A – The test must be individually done. Any behavior that undermines individual assessment will be penalized and the test will eventually be nullified.

B – Students must have an identification card, and, beyond that card, only can have a pen and a math calculator with them.

C – Are not permitted the use of graphical or programmable calculators, nor any type of electronic or/and entertainment equipment as, for instance, mobile phone, smart phone, MP3, tablets or similar equipments.

D - The test has a weigh of 25% in the final grade within continuous assessment.

E - Students with a grade lower than 8 points in this test will be excluded from continuous assessment.

### **Information about the test**

A - Choose only one answer for each question and indicate with X the chosen answer on the answer sheet.

B – Provide a justification for each answer involving calculations (you have a space for that justification).

C - Each correct answer is worth 1 point.

D - Wrong answers are penalized by 0.25 point.

E – If a question is not answered, it will have no penalization.

F - Multiple answers to the same question are considered as wrong answer.

G - Just the answers that are written in the answer sheet will be considered.

H – The test sheets cannot be separated.

Questions	(a)	(b)	(c)	(d)
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Questions	(a)	(b)	(c)	(d)
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Questions	(a)	(b)	(c)	(d)
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Questions	(a)	(b)	(c)	(d)
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**1 Which of the following statements is correct?**

- A. Balance sheet provides information relative to a period of time.
- B. The cash flow statement provides information relative to a certain point in time.
- C. The Income statement provides information about a period of time.
- D. The statement of changes in shareholder's equity relative to a certain point in time.

**2 Which of the following statements is correct?**

- A. Total assets on the balance sheet include always the retained earnings.
- B. The higher the total amount of sales, the lower the total amount of inventories.
- C. A corporation's operational income (EBITDA) does not necessarily equal to the total of its cash flow from operations.
- D. The balance sheet equation states that assets equal contributed capital.

**3 Which of the following accounts should be reported as assets on the balance sheet?**

- A. Cash, accounts payable, and accounts receivables.
- B. Cash, biological assets and inventories.
- C. Cash, retained earnings and accounts receivable.
- D. Inventories, fixed tangible assets, and accounts receipts.

**4 In what order would the items on the balance sheet appear?**

- A. Assets, liabilities, and shareholders' equity.
- B. Non-current assets, current assets, shareholders' equity, non-current liabilities and current liabilities.
- C. Assets, liabilities, net income, retained earnings and liabilities.
- D. Current assets, non-current assets, shareholders' equity, current liabilities and non-current liabilities.

**5 The cash-flows from operational activities provide information about:**

- A. the money generated by the main revenue-producing activities of the entity.
- B. the way as operations have been financed.
- C. the dividends that have been paid to shareholders.
- D. the net increase or decrease in cash during the period.

**6** Which of the following transactions decreases both cash and net income?

- A. Processing and payment for the employees' salaries.
- B. Cash payment for the dividends to shareholders.
- C. Acquisition of inventories for cash.
- D. Cash payment for a bank loan.

**7** Which of the following effects isn't possible as a result of a single business transaction:

- A. A decrease in stockholders' equity and a decrease in an asset.
- B. An increase in stockholders' equity and a increase in an asset.
- C. An increase in an asset and a decrease in an asset.
- D. An increase in a liability and a decrease in an asset.

**8** Examples of current assets could be:

- A. Fruit held for sale, cash and fruit trees.
- B. Cash, warehouse of raw materials and debts to suppliers.
- C. Cash deposits and financial investments acquired on the stock exchange with the objective of having significant influence over a supplier.
- D. Cash deposits, receivables from customers and chickens held for sale.

**9** Which of the following costs is most likely to be the largest expense reported on the income statement of a merchandiser such a large supermarket?

- A. Salaries expenses.
- B. Cost of goods sold.
- C. External supplies and services.
- D. Depreciations.

**10** Suppose a firm has provided the following information pertaining to the year ended December 31, 2011 → Stockholders' equity as of the beginning of the period: 789.000 m.u.; Dividends declared during the year: 71.000 m.u.; Shareholders invested 113.000 m.u. into the business in exchange for new shares of equity; Stockholders' equity as of ended period: 1.030.000 m.u.. How much was firm's 2011 net income?

- A. 210.000 m.u.
- B. 199.000 m.u.
- C. 312.000 m.u.
- D. 323.000 m.u.



**Answer to Questions 11, 12 and 13 based on the following information:**

**A company's December 31, 2010 Balance Sheet reported total assets of 150.000 m.u. (with a cash about 35.000 m.u) and total liabilities of 60.000 m.u.. During 2011, the company completed the following transactions:**

- Paid a bank loan using 10.000 m.u. cash
- Collected a 9.000 m.u. accounts receivable
- Paid a 5.000 m.u. accounts payable;
- Purchased industrial equipment for 25.000 m.u., with a immediately payment of 5.000 m.u. cash, and the remaining will be settled within three years.

**11 At the end of 2011, the balance sheet should contain the following elements:**

- A. Assets: 150.000 ; Liabilities: 60.000 ; Shareholder's Equity: 90.000 m.u;
- B. Assets: 155.000 ; Liabilities: 65.000 ; Shareholder's Equity: 90.000 m.u;**
- C. Assets: 160.000 ; Liabilities: 75.000 ; Shareholder's Equity: 85.000 m.u;
- D. Assets: 170.000 ; Liabilities: 100.000 ; Shareholder's Equity: 70.000 m.u.

**12 At the end of 2011, the balance sheet should contain the following amount for cash:**

- A. 29.000 m.u.
- B. 24.000 m.u.**
- C. 4.000 m.u.
- D. 15.000 m.u.

**13 The payment of the accounts payables would have the following book entry:**

- A. Debit accounts payables and credit inventories;
  - B. Debit accounts payables and credit cash;**
  - C. Debit cash and credit accounts payables;
  - D. Debit cash and credit inventories.
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**Answer to Questions 14,15,16 and 17 based on the following information:**

**A certain firm has realized, during 2011, the following transactions:**

- Cash (prompt payment) Sales: 479.000 m.u.
- Credit Sales: 225.000 m.u.
- Cash (prompt payment) inventories' acquisition: 420.000 m.u.
- Cost of goods sold: 396.000 m.u.
- Acquisition of a patent: 75.000 m.u.
- Salaries paid to employees: 90.000 m.u.
- External supplies and services: 70.000 m.u. (just 80% was already paid)
- Dividends distributed: 10.000 m.u.
- Financial expenses (paid on this accounting period): 20.000 m.u.
- Depreciations for fixed tangible assets: 60.000 m.u.
- Bank Loan: 55.000 m.u.

**14 How much was its income before income taxes?**

- A. (157.000) m.u.
- B. 44.000 m.u.
- C. 88.000 m.u.
- D. 68.000 m.u.**

**15 How much was its cash flow from operational activities?**

- A. (107.000) m.u.
- B. (63.000) m.u.
- C. (101.000) m.u.
- D. (87.000) m.u.**

**16 How much was its cash flow from financing activities?**

- A. 35.000 m.u.
- B. 25.000 m.u.**
- C. 45.000 m.u.
- D. (30.000) m.u.

**17 The book entry when External Supplies and Services were recorded was:**

- A. Debit External Supplies and Services and credit Cash for 70.000 m.u.;
- B. Debit External Supplies and Services for 70.000 u.m., credit Cash for 56.000 m.u. and credit accounts payable to suppliers for 14.000 m.u.;**
- C. Debit External Supplies and Services and credit accounts payable to suppliers for 70.000 m.u.;
- D. Debit External Supplies and Services for 70.000 u.m., credit Cash for 14.000 m.u. and credit accounts payable to suppliers for 56.000 m.u.;

**18** Which of the following account do not has a debit balance:

- A. Financial income and other similar revenues;
- B. Costumers;
- C. Cost of goods sold and consumed materials;
- D. Depreciations.

**19** Which of the following statement related with the recognition of revenues is correct?

- A. A company selling goods online must recognize income at the time it delivers the goods to the customer;
- B. A company that sells goods by installments must recognize income on the date that the customer pays the first installment;
- C. A company selling goods online must recognize income on the date that customers make the order and proceed to the prepayment of the value of goods;
- D. A company that sells goods by installments must recognize income on the date that the customer pays the last installment

**20** A certain firm makes and sells pizzas. In the year 2011 used cheese, tomatoes and other ingredients in the manufacture of pizzas whose cost amounted to 8.700 u.m. Which of the following statements is false with respect to the use of the ingredients?

- A. Raw material inventories was debited for 8.700 m.u.;
- B. Cost of goods sold and consumed materials was debited for 8.700 m.u.;
- C. Revenues decreased 8.700 m.u.;
- D. Expenses decreased 8.700 m.u..