

ACCT230
Online Quiz

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Grade 10.00 out of 10.00 (100%)

Question 1

Correct

Mark 1.00 out of 1.00

Flag question

Tomas and Saturn are partners who share income in the ratio of 3:1. Their capital balances are \$80,000 and \$120,000 respectively. Income Summary has a credit balance of \$30,000. What is Saturn's capital balance after closing Income Summary to Capital?

Select one:

- a. \$112,500
- b. \$120,000
- c. \$127,500 ✓
- d. \$102,500

The correct answer is: \$127,500

Question 2

Correct

Mark 1.00 out of 1.00

Flag question

Izabelle and Marta are forming a partnership. Izabelle will invest a piece of equipment with a book value of \$5,000 and a fair market value of \$15,000. Marta will invest a building with a book value of \$30,000 and a fair market value of \$35,000. At what amount will Marta's capital be recorded?

Select one:

- a. \$20,000
- b. \$30,000
- c. \$25,000
- d. \$35,000 ✓

The correct answer is: \$35,000

Question 3

Correct

Mark 1.00 out of 1.00

Flag question

If a partner has a capital deficiency and does not have the personal resources to eliminate (pay) it,

Select one:

- a. neither the creditors nor the other partners will have to absorb the capital deficiency.
- b. the other partners will have to absorb the capital deficiency on the basis of their respective income sharing ratios. ✓
- c. the creditors will have to absorb the capital deficiency.
- d. the other partners will absorb the capital deficiency on the basis of their respective capital balances.

The correct answer is: the other partners will have to absorb the capital deficiency on the basis of their respective income sharing ratios.

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Question 4

Correct

Mark 1.00 out of 1.00

Flag question

A partnership liquidation occurs when

Select one:

- a. a partner dies
- b. the assets are sold, liabilities paid, and business operations terminated ✓
- c. a new partner is admitted
- d. the ownership interest of one partner is sold to a new partner

The correct answer is: the assets are sold, liabilities paid, and business operations terminated

Question 5

Correct

Mark 1.00 out of 1.00

Flag question

The balance sheet of Morgan and Rockwell was as follows immediately prior to the partnership's being liquidated: cash, \$20,000; other assets, \$160,000; liabilities, \$40,000; Morgan capital, \$60,000; Rockwell capital, \$80,000. The other assets were sold for \$139,000. Morgan and Rockwell share profits and losses in a 2:1 ratio. As a final cash distribution from the liquidation, Morgan will receive cash totaling

Select one:

- a. \$46,000 ✓
- b. \$49,500
- c. \$51,000
- d. \$60,000

The correct answer is: \$46,000

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Question 6

Correct

Mark 1.00 out of 1.00

Flag question

Justin, Arthur, and Molly formed a partnership with income-sharing ratios of 50%, 30%, and 20%, respectively. Cash of \$300,000 was available after the partnership's assets were liquidated. Prior to the final distribution of cash, Justin's capital balance was \$180,000, Arthur's capital balance was \$150,000, and Molly had a capital deficiency of \$30,000. Molly is unable to pay the amount owed to the partnership. In the final distribution of cash, how much should Justin receive?

Select one:

- a. \$138,750.
- b. \$150,000.
- c. \$161,250. ✓
- d. \$120,000.

The correct answer is: \$161,250.

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Question 7

Correct

Mark 1.00 out of 1.00

Flag question

When a partner dies, the capital account balances of the remaining partners

Select one:

- a. will remain the same
- b. will increase
- c. may increase, decrease, or remain the same ✓
- d. will decrease

The correct answer is: may increase, decrease, or remain the same

Question 8

Correct

Mark 1.00 out of 1.00

Flag question

Partners Julie and Casey have agreed to share profits and losses in a 60:40 ratio respectively, after Julie is allowed a salary allowance of \$40,000 and Casey is allowed a salary allowance of \$25,000. If the partnership had net income of \$50,000 for 2016, Casey's share of the income would be:

Select one:

- a. \$31,000.
- b. \$25,000.
- c. \$30,000.
- d. \$19,000. ✓

The correct answer is: \$19,000.

Question 9

Correct

Mark 1.00 out of 1.00

Flag question

Nancy is investing in a partnership with Dana. Nancy contributes as part of her initial investment, Accounts Receivable of \$60,000; an Allowance for Doubtful Accounts of \$9,000; and \$6,000 cash. The entry that the partnership makes to record Nancy's initial contribution includes a

Select one:

- a. debit to Accounts Receivable for \$51,000.
- b. credit to Nancy, Capital for \$57,000. ✓
- c. credit to Nancy, Capital for \$66,000.
- d. debit to Allowance for Doubtful Accounts for \$9,000.

The correct answer is: credit to Nancy, Capital for \$57,000.

Question 10

Correct

Mark 1.00 out of 1.00

Flag question

Basel and Sami are in partnership sharing profits in a 3:2 ratio. Net profit for the year ended 31.12.2015 was \$12,000. Interest on capital was allocated as \$400 to Basel and \$250 to Sami. Sami received a partnership salary of \$5,000. How much was Basel's share of profit?

Select one:

- a. 3,060
- b. 2,540
- c. 4,210 ✓
- d. 4,950

The correct answer is: 4,210