Managerial Accounting

Acct 2301

**Chapter 14 Quiz**

1. The following year-end information was provided for the Fallow Company:

**2008 2007**

Long-term Notes Payable $24,000 $40,000

Common Stock $70,000 $40,000

Retained Earnings $80,000 $95,000

The company had net income of $5,000 for 2008. What is the net cash flow from financing activities for 2008?

* 1. $6,000 outflow
  2. $14,000 inflow
  3. $9,000 inflow
  4. $6,000 inflow
  5. None of the above

1. Hoote Company had inventory purchases of $40,000 for 2008. All of the purchases are on account. The company’s inventory account had a beginning balance of $2,000 and an ending balance of $6,000. The accounts payable account had a beginning balance of $8,000 and an ending balance of $4,000. What was the amount of cash payments for inventory for 2008?
   1. $44,000
   2. $40,000
   3. $36,000
   4. $20,000
   5. None of the above
2. Equipment that cost $25,000 was sold for a $5,000 gain. The equipment had accumulated depreciation of $10,000. The equipment account had a beginning balance of $50,000 and an ending balance of $60,000. What is the net cash flow from investing activities assuming any equipment purchases was purchased with cash?
   1. $20,000 inflow
   2. $15,000 outflow
   3. $35,000 outflow
   4. $55,000 inflow
   5. None of the above
3. Gootz Incorporated makes all its sales on account. The income statement showed sales revenue of $100,000 for the year. The accounts receivable balance decreased by $25,000 for the year. How much cash was collected from sales for the year?
   1. $100,000
   2. $125,000
   3. $75,000
   4. $175,000
   5. None of the above
4. The balance sheet for Salem Company is provided:

|  |  |  |
| --- | --- | --- |
| **Assets** | 2008 | 2007 |
| Cash | $20,000 | $15,000 |
| Accounts Receivable | $10,000 | $ 8,000 |
| Inventory | $20,000 | $23,000 |
| Plant & Equipment, net | $40,000 | $50,000 |
| Total Assets | $90,000 | $96,000 |
| **Liabilities & Owner’s Equity** |  |  |
| Accounts Payable | $15,000 | $19,000 |
| Bonds Payable (due 2015) | $35,000 | $40,000 |
| Capital Stock | $20,000 | $30,000 |
| Retained Earnings | $20,000 | $ 7,000 |
| Total Liabilities & OE | $90,000 | $96,000 |

The company had net income of $13,000 for 2008 that included depreciation expense of $2,000 and a gain on sale of $4,000. What is the amount of net cash flow from operating activities for 2008?

* 1. $8,000 inflow
  2. $8,000 outflow
  3. $14,000 inflow
  4. $14,000 outflow
  5. None of the above