

1.

Award: 20.00 points Problems? Adjust credit for all students.

CH 1 ASSESSMENT

Answer the following questions. *Hint:* Use the accounting equation.

- a. On January 1, Lumia Company's liabilities are \$63,000 and its equity is \$43,000. On January 3, Lumia purchases and installs solar panel assets costing \$13,000. For the panels, Lumia pays \$5,500 cash and promises to pay the remaining \$7,500 in six months. What is the total of Lumia's assets after the solar panel purchase?
- b. On March 1, ABX Company's assets are \$103,000 and its liabilities are \$33,000. On March 5, ABX is fined \$16,500 for failing emission standards. ABX immediately pays the fine in cash. After the fine is paid, what is the amount of equity for ABX?
- c. On August 1, Lola Company's assets are \$33,000 and its liabilities are \$13,000. On August 4, Lola issues a sustainability report. On August 5, ownership invests \$4,500 cash and \$8,500 of equipment in Lola. After the investment, what is the amount of equity for Lola?

Complete this question by entering your answers in the tabs below.

Required A Required B Required C

On January 1, Lumia Company's liabilities are \$63,000 and its equity is \$43,000. On January 3, Lumia purchases and installs solar panel assets costing \$13,000. For the panels, Lumia pays \$5,500 cash and promises to pay the remaining \$7,500 in six months. What is the total of Lumia's assets after the solar panel purchase?

	Assets	=	Liabilities	+	Equity
January 1	\$ 106,000	=	\$ 63,000	+	\$ 43,000
Change	7,500	=	7,500	+	
January 3	\$ 113,500	=	\$ 70,500	+	\$ 43,000

< Required A Required B >

Explanation:

a. Using the accounting equation on January 1:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ ? & = & \$63,000 & + & \$43,000 \end{array}$$

Thus, beginning assets = \$106,000

Using the accounting equation on January 3:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ ? & = & \$63,000 + \$7,500 & + & \$43,000 \\ ? & = & \$70,500 & + & \$43,000 \end{array}$$

Thus, January 3 assets = \$113,500

Alternatively, we begin with \$106,000 in assets, then add \$13,000 in solar panels, then subtract \$5,500 in cash → resulting in \$113,500 in ending assets.

b. Using the accounting equation on March 1:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ \$103,000 & = & \$33,000 & + & ? \end{array}$$

Thus, beginning equity = \$70,000

Using the accounting equation on March 5:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \end{array}$$

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Assets	=	Liabilities	+	Equity
\$103,000 - \$16,500	=	\$33,000	+	?
\$86,500	=	\$33,000	+	?

Thus, March 5 equity = \$53,500

c.

Using the accounting equation on August 1:

Assets	=	Liabilities	+	Equity
\$33,000	=	\$13,000	+	?

Thus, beginning equity = \$20,000

Using the accounting equation on August 5:

Assets	=	Liabilities	+	Equity
\$33,000 + \$13,000	=	\$13,000	+	?
\$46,000	=	\$13,000	+	?

Thus, August 5 equity = \$33,000

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1.

Award: 20.00 points Problems? Adjust credit for all students.

Answer the following questions. *Hint:* Use the accounting equation.

- a. On January 1, Lumia Company's liabilities are \$63,000 and its equity is \$43,000. On January 3, Lumia purchases and installs solar panel assets costing \$13,000. For the panels, Lumia pays \$5,500 cash and promises to pay the remaining \$7,500 in six months. What is the total of Lumia's assets after the solar panel purchase?
- b. On March 1, ABX Company's assets are \$103,000 and its liabilities are \$33,000. On March 5, ABX is fined \$16,500 for failing emission standards. ABX immediately pays the fine in cash. After the fine is paid, what is the amount of equity for ABX?
- c. On August 1, Lola Company's assets are \$33,000 and its liabilities are \$13,000. On August 4, Lola issues a sustainability report. On August 5, ownership invests \$4,500 cash and \$8,500 of equipment in Lola. After the investment, what is the amount of equity for Lola?

Complete this question by entering your answers in the tabs below.

Required A **Required B** Required C

On March 1, ABX Company's assets are \$103,000 and its liabilities are \$33,000. On March 5, ABX is fined \$16,500 for failing emission standards. ABX immediately pays the fine in cash. After the fine is paid, what is the amount of equity for ABX?

	Assets	=	Liabilities	+	Equity
March 1	\$ 103,000	=	\$ 33,000	+	\$ 70,000
Change	(16,500)	=		+	(16,500)
March 5	\$ 86,500	=	\$ 33,000	+	\$ 53,500

< Required A Required C >

Explanation:

a. Using the accounting equation on January 1:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ ? & = & \$63,000 & + & \$43,000 \end{array}$$

Thus, beginning assets = \$106,000

Using the accounting equation on January 3:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ ? & = & \$63,000 + \$7,500 & + & \$43,000 \\ ? & = & \$70,500 & + & \$43,000 \end{array}$$

Thus, January 3 assets = \$113,500

Alternatively, we begin with \$106,000 in assets, then add \$13,000 in solar panels, then subtract \$5,500 in cash → resulting in \$113,500 in ending assets.

b. Using the accounting equation on March 1:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ \$103,000 & = & \$33,000 & + & ? \end{array}$$

Thus, beginning equity = \$70,000

Using the accounting equation on March 5:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ \$103,000 - \$16,500 & = & \$33,000 & + & ? \end{array}$$

3

Assets	=	Liabilities	+	Equity
\$86,500	=	\$33,000	+	?

Thus, March 5 equity = \$53,500

c.

Using the accounting equation on August 1:

Assets	=	Liabilities	+	Equity
\$33,000	=	\$13,000	+	?

Thus, beginning equity = \$20,000

Using the accounting equation on August 5:

Assets	=	Liabilities	+	Equity
\$33,000 + \$13,000	=	\$13,000	+	?
\$46,000	=	\$13,000	+	?

Thus, August 5 equity = \$33,000

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1.

Award: 20.00 points Problems? Adjust credit for all students.

Answer the following questions. *Hint:* Use the accounting equation.

- a. On January 1, Lumia Company's liabilities are \$63,000 and its equity is \$43,000. On January 3, Lumia purchases and installs solar panel assets costing \$13,000. For the panels, Lumia pays \$5,500 cash and promises to pay the remaining \$7,500 in six months. What is the total of Lumia's assets after the solar panel purchase?
- b. On March 1, ABX Company's assets are \$103,000 and its liabilities are \$33,000. On March 5, ABX is fined \$16,500 for failing emission standards. ABX immediately pays the fine in cash. After the fine is paid, what is the amount of equity for ABX?
- c. On August 1, Lola Company's assets are \$33,000 and its liabilities are \$13,000. On August 4, Lola issues a sustainability report. On August 5, ownership invests \$4,500 cash and \$8,500 of equipment in Lola. After the investment, what is the amount of equity for Lola?

Complete this question by entering your answers in the tabs below.

Required A Required B **Required C**

On August 1, Lola Company's assets are \$33,000 and its liabilities are \$13,000. On August 4, Lola issues a sustainability report. On August 5, ownership invests \$4,500 cash and \$8,500 of equipment in Lola. After the investment, what is the amount of equity for Lola?

	Assets	=	Liabilities	+	Equity
August 1	\$ 33,000	=	\$ 13,000	+	\$ 20,000
Change	13,000	=		+	13,000
August 5	\$ 46,000	=	\$ 13,000	+	\$ 33,000

< Required B **Required C** >

Explanation:

a.
Using the accounting equation on January 1:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ ? & = & \$63,000 & + & \$43,000 \end{array}$$

Thus, beginning assets = \$106,000

Using the accounting equation on January 3:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ ? & = & \$63,000 + \$7,500 & + & \$43,000 \\ ? & = & \$70,500 & + & \$43,000 \end{array}$$

Thus, January 3 assets = \$113,500

Alternatively, we begin with \$106,000 in assets, then add \$13,000 in solar panels, then subtract \$5,500 in cash → resulting in \$113,500 in ending assets.

b.
Using the accounting equation on March 1:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \\ \$103,000 & = & \$33,000 & + & ? \end{array}$$

Thus, beginning equity = \$70,000

Using the accounting equation on March 5:

$$\begin{array}{rclclcl} \text{Assets} & = & \text{Liabilities} & + & \text{Equity} \end{array}$$

5

Assets	=	Liabilities	+	Equity
\$103,000 - \$16,500	=	\$33,000	+	?
\$86,500	=	\$33,000	+	?

Thus, March 5 equity = \$53,500

c.

Using the accounting equation on August 1:

Assets	=	Liabilities	+	Equity
\$33,000	=	\$13,000	+	?

Thus, beginning equity = \$20,000

Using the accounting equation on August 5:

Assets	=	Liabilities	+	Equity
\$33,000 + \$13,000	=	\$13,000	+	?
\$46,000	=	\$13,000	+	?

Thus, August 5 equity = \$33,000

2 [The following information applies to the questions displayed below.]

On December 1, Jasmin Ernst organized Ernst Consulting. On December 3, the owner contributed \$83,220 in assets in exchange for its common stock to launch the business. On December 31, the company's records show the following items and amounts.

Cash	\$ 13,840	Cash dividends	\$ 1,280
Accounts receivable	13,140	Consulting revenue	13,140
Office supplies	2,530	Rent expense	2,770
Office equipment	17,200	Salaries expense	6,120
Land	45,840	Telephone expense	820
Accounts payable	7,810	Miscellaneous expenses	630
Common stock	83,220		

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2.

Award: 20.00 points Problems? [Adjust credit](#) for all students.

Required information

Using the above information prepare a December income statement for the business.

ERNST CONSULTING			
Income Statement			
For Month Ended December 31			
Revenues			
Consulting revenue		\$ 13,140	
F Total revenues			F \$ 13,140
Expenses			
Salaries expense		6,120	
Rent expense		2,770	
Telephone expense		820	
Miscellaneous expenses		630	
F Total expenses			F 10,340
Net income			\$ 2,800

Explanation:

No further explanation details are available for this problem.

Hints

Hint #1

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3.

Award: 20.00 points Problems? [Adjust credit](#) for all students.

Required information

Using the above information prepare a December statement of retained earnings for Ernst Consulting. Hint: Retained Earnings on December 1 was \$0.

ERNST CONSULTING	
Statement of Retained Earning	
For Month Ended December 31	
Retained earnings, December 1	\$ 0
Add: Net income	2,800
	2,800
Less: Dividends	1,280
Retained earnings, December 31	F \$ 1,520

Explanation:

No further explanation details are available for this problem.

Hints[Hint #1](#)

4.

Award: 20.00 points Problems? [Adjust credit](#) for all students.

Required information

Use the above information to prepare a December 31 balance sheet for Ernst Consulting.

ERNST CONSULTING					
Balance Sheet					
December 31					
Assets			Liabilities		
Cash	\$	13,840	Accounts payable	\$	7,810
Accounts receivable		13,140			
Office supplies		2,530	Total liabilities	F	7,810
Office equipment		17,200	Equity		
Land		45,840	Common stock		83,220
			Retained earnings		1,520
			Total equity	F	84,740
Total assets	F \$	92,550	Total liabilities and equity	F \$	92,550

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Explanation:

No further explanation details are available for this problem.

Hints

[Hint #1](#)

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5.Award: 20.00 points Problems? Adjust credit for all students.

Determine the missing amount from each of the separate situations given below.

	Assets	=	Liabilities	+	Equity
1.	\$ 69,000	=	\$ 26,000	+	\$ 43,000
2.	\$ 100,000	=	\$ 55,000	+	\$ 45,000
3.	\$ 90,000	=	\$ 28,000	+	\$ 62,000

Explanation:

No further explanation details are available for this problem.

HintsHint #1