

Name \_\_\_\_\_

Date \_\_\_\_\_

## Quiz 1

Compute the amounts missing below and place them in the appropriate blanks following the financial statements:

**PAULA'S PASSIONS**  
**Income Statement**  
**For the Month Ended February 28, 20A**

<b>Revenues:</b>	
Sales revenue	\$ 3,800
<b>Costs and expenses:</b>	
Cost of goods sold	2,100
Advertising expense	-a-
Wages expense	420
Repair expense	<u>118</u>
Total costs and expenses	<u>-b-</u>
<b>Net Income</b>	<u>\$ -c-</u>

**PAULA'S PASSIONS**  
**Statement of Retained Earnings**  
**For the Month Ended February 28, 20A**

Retained earnings, February 1, 20A	\$ 2,000
Net income	-d-
Dividends	<u>(1,000)</u>
Retained earnings, February 28, 20A	<u>\$ 1,737</u>

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**PAULA'S PASSIONS**  
**Balance Sheet**  
**February 28, 20A**

**Assets**

## Current assets:

Cash	\$ -e
Accounts receivable	2,225
Supplies	300
Merchandise inventory	2,900
Prepaid rent	<u>-f</u>
Total current assets	22,237
Furniture and fixtures	7,500
Equipment	<u>2,500</u>
Total Assets	<u>\$ -g-</u>

**Liabilities**

## Current liabilities:

Accounts payable	\$ 4,500
Total current liabilities	<u>4,500</u>
Note payable	<u>10,000</u>
Total Liabilities	14,500

**Stockholders' Equity**

Contributed capital	-h-
Retained earnings	<u>1,737</u>
Total Stockholders' Equity	<u>17,737</u>
Total Liabilities and Stockholders' Equity	<u>\$32,237</u>



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**PAULA'S PASSIONS**  
**Statement of Cash Flows**  
**For the Month Ended February 28, 20A**

**Operating Activities**

Cash received from customers	\$ 3,575
Cash paid to employees	(420)
Cash paid to suppliers	<u>(3,743)</u>
Total cash used in operating activities	<u>(588)</u>

**Investing Activities**

Purchased fixed assets	<u>(10,000)</u>
Total cash used in investing activities	<u>(10,000)</u>

**Financing Activities**

Issued stock	16,000
Borrowed from bank	10,000
Dividends paid	<u>(-i)</u>
Total cash from financing activities	<u>25,000</u>

<b>Increase in cash</b>	\$14,412
Beginning cash balance	<u>0</u>
<b>Ending cash balance</b>	<u><u>\$ -j-</u></u>

**Answer:**

a. \_\_\_\_\_

f. \_\_\_\_\_

b. \_\_\_\_\_

g. \_\_\_\_\_

c. \_\_\_\_\_

h. \_\_\_\_\_

d. \_\_\_\_\_

i. \_\_\_\_\_

e. \_\_\_\_\_

j. \_\_\_\_\_