

Eye openers



**ASSIGN
BUSTER**

Diego Fuentes ACG2021 10: 00a Chung Collen Eye Openers 1. What is the objective of most businesses? The objective of most businesses is to maximize profits. 2. What is the difference between a manufacturing business and a service business? Is a restaurant a manufacturing business, a service business, or both? The differences between a manufacturing business and a service business is that a manufacturing business changes basic inputs into products that are sold to individual customers and a service business provides services rather than products to customers. . Why are most large companies like Microsoft, PepsiCo, Caterpillar, and AutoZone organized as corporations? These companies are organized as corporations because ownership is divided into shares of stocks and they can obtain large amounts of resources by selling stocks. 4. Who are normally included as the stakeholders of a business? The stakeholders of a business are normally are owners, suppliers, customers, and employees. 5. What is the role of accounting in business? Accounting provides information for managers to use in operating the business.

In addition, accounting provides information to other stakeholders to use in assessing the economic performance and condition of the business. 6. Rebecca Olson is the owner of Aquarius Delivery Service. Recently, Rebecca paid interest of \$1, 850 on a personal loan of \$30, 000 that she used to begin the business. Should Aquarius Delivery Service record the interest payment? Explain No, Aquarius Delivery Service should not record the interest payment because the loan was taken out of Rebecca's personal account and how the GAAP say do not mix personal with business costs. 7.

On February 3, Dependable Repair Service extended an offer of \$80, 000 for land that had been priced for sale at \$90, 000. On March 6, Dependable Repair Service accepted the seller's counteroffer of \$88, 000. Describe how Dependable Repair Service should record the land. Dependable Repair Service should record the land on the asset side for \$88, 000 and it does not specify if it was paid. 8. A. Land with an assessed value \$250, 000 for property tax purposes is acquired by a business for \$375, 000. Seven years later, the plot of land has an assessed value of \$400, 000 and the business receives an offer of \$725, 000 for it.

Should the monetary amount assigned to the land in the business records now be increased? Yes. B. Assuming that the land acquired in (A) was sold for \$725, 000, how would the various elements of the accounting equation be affected? The assets will increase. 9. Describe the difference between an account receivable and account payable. The difference between account receivable and account payable is that account receivable is money customers owe you and account payable is money the company owes the supplier. 10. A business had revenues of 420, 000 and operating expenses of \$565, 000.

Did the business (a) incur a net loss or (b) realize net income? Net loss 11. A business had revenues of \$919, 500 and operating expenses of \$738, 600. Did the business (a) incur a net loss or (b) realize net income? Net income 12. What particular item of financial or operating data appears on both the income statement and the statement of owner's equity? The net income or net loss. What item appears on both the balance sheet and the statement of

owner's equity? The owners Capital. What item appears on both the balance sheet and the statement of cash flows? Cash balance