Chapter 2

1. The basic elements of a financial accounting system include a framework for preparing financial statements.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-01 - Purpose United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-G71S-KC5R-CF1U-NA31-GHSU-OATA-8RSU-OA3Z-GOSU-QQMR-GCSU-1ATU-CO5G-NA3U-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

2. The accounting equation is expressed as follows: Assets = Liabilities + Stockholders' Equity.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
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DATE MODIFIED:	7/19/2016 9:45 AM
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3. Any given transaction must affect at least two different parts of the accounting equation.
   a. True
   b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-8Y3G-CCT3-GA5G-EPJW-CASU-GQJU-CESU-YAMR-GOSU-OQDR-GOSS-NCBT-8YAD-1C5D-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

4. The accounting equation can be expressed as: Assets − Liabilities = Revenues.
   a. True
   b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
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DATE MODIFIED:	11/2/2016 4:53 AM
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5. On a statement of cash flows, each cash transaction is recorded and classified as an operating, investing, or financing activity.
   a. True
   b. False

ANSWER:	True
POINTS:	1

DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
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6. Equality of the accounting equation means that no errors have occurred.
   a. True
   b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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KEYWORDS:	Bloom's: Understanding
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMG-GA4U-ECBI-GE3U-RPJT-CRSS-KPBT-8YSS-RA5N-GOSS-NP3O-GWSU-C3TA-GRAU-KP5N-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

7. Dividends are an example of an expense.
   a. True
   b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False

LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMB-GAHU-EPBS-GFUD-GC3O-GOSU-EQMB-8RSU-O3JI-GOSU-NPBS-CESS-ECMG-GF1U-RCJ1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

8. Retained earnings will be increased by the amount in the dividend account.
   a. True
   b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-8FTG-KQDR-GI1D-O3MR-8RSS-E3JA-8RSU-RCDB-GOSU-YP3S-GCSU-GP5B-COHU-OQBO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

9. By keeping a running total of the effects of transactions, the accounting equation provides a framework for summarizing the effects of a series of transactions.
   a. True
   b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic

STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJA-G71U-NC3S-CCAS-NPBO-COSU-KP3T-8YSS-RA5N-GOSU-RAJ3-CCSS-RCJA-GTOS-GC33-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

10. A business receives $10,000 cash for a sale of merchandise and records this receipt of cash as an increase in accounts receivable by mistake. The accounting equation is still in balance.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
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DATE MODIFIED: 7/19/2016 9:45 AM
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11. The effect of every transaction is an increase or a decrease in one or more of the accounting equation elements.

a. True
b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement

KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-GA5S-CCDG-GH3D-RAUN-8RSS-EQMN-8RSU-KCMG-GOSU-YA5D-GHSU-EPUF-8Y5U-YA3W-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

12. When a notes payable account is paid in cash, the stockholders' equity in the business increases.
    a. True
    b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GQBZ
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJU-CFOS-CAUB-CC5G-RQMG-COSU-13MR-CRSU-K3UN-GOSU-YCBT-GASU-NP3O-GE4U-NCJI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

13. When an account receivable is collected in cash, the total assets of the business increase.
    a. True
    b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM

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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJW-GW3U-R3MF-GBTG-RQJW-GRSU-QAJZ-8RSU-YATZ-GOSU-K3JT-GOSU-CPMB-CW4S-NQJZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

14. It is possible for a transaction to change the makeup of assets, but to *not* affect assets in total.
   a. True
   b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJZ-8B1G-CPTT-GBOU-YAUB-8YSS-NAJI-8YSU-KAMF-GOSU-G3JI-GOSU-Q3TU-G7TU-EQBZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

15. When common stock is issued by a corporation for cash, both the income statement and the balance sheet are affected.
   a. True
   b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/28/2016 3:39 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-8FTG-CCDR-CA3D-R3BT-COSS-

E3TI-8YSU-1CMF-GOSU-NPTA-CASS-K3JT-GO3U-NP5N-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

16. Fees earned and received in cash will increase cash flows from operating activity as well as retained earnings.
   a. True
   b. False

ANSWER: True
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJU-GJTG-RA3I-GRHG-G3DR-8RSU-QCT1-8YSS-EP3A-GOSU-YPTI-GHSS-C3T1-8YHU-Q3J1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

17. Miscellaneous expenses are expenses that have an undetermined amount to be paid.
   a. True
   b. False

ANSWER: False
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Remembering
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
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18. The payment of utilities expense in cash would affect the operating activities in the statement of cash flows and the

income statement but *not* the balance sheet.

a. True

b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
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KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-CE3U-YAMB-GEHU-CCBT-GESS-GP31-8RSU-QPTZ-GOSU-G3B3-GCSS-NCUD-CFTD-1CTI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

19. The integrated financial statement approach has built-in controls to ensure that all transactions are correctly analyzed, recorded, and summarized.

a. True

b. False

ANSWER:	True
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
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20. Accounts receivable is less liquid than Furniture, so it is listed after Furniture on a balance sheet.

a. True

b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 2:10 AM
QUESTION ID:	JFND-GO3A-EW4R-GQKG
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-8B1D-OCJW-CFUG-RP3T-CWSU-CA5R-8YSU-YQBT-GOSS-EA3T-GHSU-GQMD-GFTU-QPMR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

21. When comparing operating performance across companies within the same industry, companies prefer common-sized income statements prepared through net income rather than those prepared through operating income. This is because other income and expenses are influenced by a variety of factors that are independent of operations and that can vary significantly across companies.

a. True

b. False

ANSWER:	False
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	True / False
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-6 - LO: 02.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 3:34 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-G7UG-NQBW-C3TS-CQJZ-CESU-RPJA-CESS-EC3T-GOSS-CQJZ-GHSU-N3TT-CPTG-N3BI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

22. The basic financial statements include the:

a. trial balance.

b. bank reconciliation statement.

c. balance sheet.
d. ledger account.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Remembering
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 11/2/2016 6:05 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-G71U-CCMD-GEAU-KCBI-GOSU-YAMR-8YSU-K3J1-GOSS-NA3A-GWSU-RCTA-CFOU-GAMB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

23. Which of the following is a control that is built into the integrated financial statement approach?
a. Assets + Liabilities = Stockholders' Equity
b. Cash from operating activities is equal to cash on the balance sheet.
c. Net income on the income statement must equal the net effects of revenues and expenses on retained earnings.
d. Total assets on balance sheet should equal income from investing activities on the statement of cash flows.

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Understanding
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24. If a $15,000 purchase of equipment for cash is incorrectly recorded as an increase to equipment and as an increase to cash, at the end of the period assets will:

a. exceed liabilities and stockholders' equity by $15,000.
b. equal liabilities and stockholders' equity.
c. exceed liabilities and stockholders' equity by $30,000.
d. exceed liabilities and stockholders' equity by $40,000.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Challenging
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMN-GR3G-NPDD-GJ1U-RAUR-GESS-RAJO-8YSS-RCMG-GOSU-1A5B-CCSU-QP5G-CC5D-RPB3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

25. Which of the following is considered to be a liability?
a. Prepaid expenses
b. Investments
c. Unearned revenues
d. Accrued revenues

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GQJ1
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJU-GA3G-E3DB-GW5U-YCTT-GHSU-G3DF-CRSS-RPBU-GOSU-YQJ1-CRSS-RCT3-CAHS-KCDD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

26. Which of the following group of accounts are all assets?
    a. Cash, Accounts Payable, Buildings
    b. Accounts Receivable, Revenue, Cash
    c. Prepaid Expenses, Buildings, Patents
    d. Unearned Revenues, Prepaid Expenses, Cash

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GQJO
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-GBTS-C3TS-8Y4S-EPTW-GWSS-G3JZ-8YSU-YQDD-GOSU-CPTW-COSS-RAJ3-CCHD-OPJS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

27. Expenses can be defined as:
    a. assets consumed.
    b. services used in the process of generating revenues.
    c. costs that have been incurred during the normal course of business.
    d. all of these.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
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DATE MODIFIED:	7/19/2016 9:45 AM
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28. The gross increases in stockholders' equity attributable to business activities are called:
    a. assets.
    b. liabilities.
    c. revenues.
    d. net income.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GQJS
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29. The payment of $20,000 for expenses was incorrectly recorded by Elite Co. as an increase in cash of $20,000 and a decrease in retained earnings of $20,000. What is the effect of this error on the accounting equation?
    a. Total assets will exceed total liabilities and stockholders' equity by $20,000.
    b. Total assets will exceed total liabilities and stockholders' equity by $40,000.
    c. Total assets will be less than total liabilities and stockholders' equity by $40,000.
    d. The error will not affect the accounting equation.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Challenging
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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GASU-OAMN-CRSU-O3BO-GOSU-EQMR-GRSS-EPDB-GY5D-NCJT-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

30. The stockholders' equity will increase as a result of the:
   a. issue of common stock.
   b. repayment of long-term debt.
   c. buyback of common stock.
   d. issue of long-term debt.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ3-G71U-C3JW-CFOU-QPJS-CRSS-NP33-8YSS-RQDB-GOSU-EPBT-GWSS-NCJT-GR4D-ECUF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

31. A _____ is an economic event that under generally accepted accounting principles affects an element of the financial statements and must be recorded.
   a. framework
   b. control
   c. set of rules
   d. transaction

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-02 - GAAP United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTKN

QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-G7OS-CCBZ-G71D-EPBZ-GRSS-N3TO-8RSU-OC3T-GOSU-GA3Z-GOSU-E3TZ-CAHG-GCBO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

32. The statement of cash flows is integrated with the balance sheet because:
   a. the cash at the beginning of the period plus or minus the cash flows from operating, investing, and financing activities equals the end of period cash reported on the balance sheet.
   b. the cash at the beginning of the period plus or minus the net income equals the end of period cash reported on the balance sheet.
   c. the cash at the beginning of the period plus or minus assets and liabilities equals the end of period cash reported on the balance sheet.
   d. the cash at the beginning of the period plus or minus the cash flows from operating activities equals the end of period cash reported on the balance sheet.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTKB
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJU-CAHU-QAT1-G7OS-GAJT-GHSU-GAJ1-8RSS-GAUF-GOSU-OPB1-GRSU-E3JU-GFTU-E3BO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

33. Which of the following statements is true about liabilities?
   a. Liabilities include insurance premium paid in advance.
   b. Liabilities arise when a company sells goods on account.
   c. Liabilities equal assets plus stockholders' equity.
   d. Liabilities are the debt owed by a company.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement

KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-GA5U-RQBZ-GO3D-RPTI-CESU-NCBZ-CESS-E3MB-GOSU-GQMF-8YSU-KC3O-C3UD-EA3O-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

34. Which of the following situations increase stockholders' equity?
    a. Supplies are purchased on account.
    b. Services are provided on account.
    c. Cash is received from customers.
    d. Utility bill will be paid next month.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 6:09 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJA
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-GW4U-YC5N-8Y3G-RCB3-GASU-CQJS-CRSU-OQMB-GOSU-YQB3-8YSU-G3BT-CRHU-CAJW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

35. Which of the following transactions changes the mix of only liabilities?
    a. Paying off accounts payables by raising a short-term loan
    b. Writing off accounts receivable as bad debt
    c. Financing the purchase of land with a long-term loan
    d. Paying accounts receivable with cash

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements

	United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 3:42 AM
QUESTION ID:	JFND-GO3A-EW4R-GTKG
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-CF1D-NQBA-8BOU-YPUB-CCSU-KCMD-CESS-CAUG-GOSS-CP5R-CCSS-G3UN-8BOU-1P5N-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

36. Brite Inc. had the following assets and liabilities at the end of the year:

Assets	$54,800
Liabilities	$32,000

What is the year-end stockholders' equity of Brite Inc.?

a. $32,000

b. $22,800

c. $86,800

d. Cannot be determined with this information

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 3:50 AM
QUESTION ID:	JFND-GO3A-EW4R-GTKF
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJA-GC5S-GP3I-GC4D-CP3A-CASU-1PDD-8RSU-YPMN-GOSU-GA5R-CASU-R3BO-GC5U-RAJI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

37. Sunlight, Inc. had the following assets and liabilities as of September 30, 2016

Assets	$60,600
Liabilities	$27,500

If assets increased by $4,350 and equity increased by $2,900 during October, what is the increase or decrease in liabilities of Sunlight as of October 31, 2016?

a. ($1,450)

b. $1,450

c. $7,250

d. ($7,250)

ANSWER:	b

POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 4:22 AM
QUESTION ID:	JFND-GO3A-EW4R-GTKR
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMN-CE3D-EQMF-CPTD-KCUN-CWSU-NA3A-8RSU-OPBI-GOSS-CPBI-CRSU-K3UN-COAD-YPJW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

38. Rush Corporation borrowed $25,000 from the bank. Which of the following accurately shows the effects of the transaction?

a. Increase cash $25,000 and decrease notes payable $25,000
b. Increase cash $25,000 and increase notes payable $25,000
c. Decrease cash $25,000 and decrease notes payable $25,000
d. Decrease cash $25,000 and increase notes payable $25,000

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTKD
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-GE4G-GPJ3-GOAG-NCDB-GYSU-EPMR-CESU-1ATI-GOSU-EQBO-CASU-C3UG-CO5G-CATS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

39. Flow Inc. received cash from fees earned. How does this transaction affect the Statement of Cash Flows?

a. Increase cash from Operating Activities
b. Increase cash from Investing Activities
c. Increase cash from Financing Activities

d. No effect on the Statement of Cash Flows

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-24 - Statement of Cash Flows United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 3:51 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJU
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMG-GOAU-1ATT-GFOS-K3JW-CASS-GQJS-CRSU-GCJW-GOSS-CPJW-GWSU-EPTZ-GHAU-QA33-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

40. Yuan Corporation purchased office equipment on account. What is the effect of this transaction?

a. Cash will decrease and office equipment will increase.

b. Total assets will increase and shareholders' equity will decrease.

c. Total assets and total liabilities will increase.

d. Cash flow from financing activities will decrease.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 3:55 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJ1
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJA-8RHG-N3J1-GW4U-GQBS-CASU-Y3BZ-8YSS-CQB3-GOSS-RP3S-CWSU-RCDR-CE4U-YATI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

41. Johnson, Inc. paid rent expense of $3,500 for the month of October. How are the accounts affected due to this transaction?

a. Increase in cash $3,500 and increase in retained earnings $3,500

b. Increase in cash $3,500 and decrease in retained earnings $3,500
c. Decrease in cash $3,500 and decrease in retained earnings $3,500
d. Decrease in cash $3,500 and increase in retained earnings $3,500

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTJT
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-CWAD-C3TI-GO3U-1PJ1-GCSU-OPBU-8RSS-NPBT-GOSU-OA5F-GCSS-CA3S-GE5U-13DF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

42. Johnson, Inc. purchased land for cash. What effect does this transaction have?
a. Increase in Cash and decrease in Land
b. Decrease in Cash and decrease in Land
c. Increase in Cash and increase in Land
d. Decrease in Cash and increase in Land

ANSWER: d
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTJO
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-CI1D-QP3A-CO3D-C3DD-GHSU-13J1-CRSS-GAUN-GOSU-Y3BI-GASS-KATS-CR3D-KCMR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

43. Johnson, Inc. issued $15,000 in common stock in exchange for cash. What is the effect of this transaction?

a. Total assets remain unchanged.
b. Cash flow from Financing Activities will increase.
c. Net Income will increase.
d. Total Retained Earnings will increase.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/28/2016 3:40 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJZ
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMN-8YAD-GCJW-GF1U-EPUB-CCSU-GP3Z-CRSS-ECJ1-GOSS-CPMF-GCSU-YATW-CAAG-EPBA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

44. Johnson, Inc. receives $5,000 cash for fees earned. What is the effect of this transaction?

a. Total assets remain unchanged.
b. Cash flow from Financing Activities will increase.
c. Net income will increase.
d. Retained earnings will remain unchanged.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJS
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-CRAG-R3JT-GHHU-RC5N-COSU-OA3S-CRSS-GQDF-GOSS-GQMF-CWSU-OPMN-GH5S-NC3Z-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

45. Stockholders' equity will be reduced by:
   a. payment of dividends.
   b. increase in revenues.
   c. owners' investments.
   d. issuance of bonds.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 6:09 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJI
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-8FTD-OCDG-8Y5D-GQBS-8YSU-NATS-CRSU-NQJU-GOSU-O3JZ-8RSU-CATZ-GP1S-R3UB-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

46. ABC Company deposited $20,000 in a bank account in return for issuing shares in the corporation. This transaction would affect which two financial statement elements?
   a. Assets and stockholders' equity
   b. Assets and liabilities
   c. Liabilities and stockholders' equity
   d. None of these

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTJW
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-8RHG-RCUG-GCHD-YPJT-GHSU-K3UD-8YSU-QP3Z-GOSS-NA3Z-GESS-NPUR-G3TD-K3BU-E7JI-YT4D-

JFNN-4OTI-GO4W-NQNBEE

47. JNC Company sells its products for cash, at a profit of 20%. Which of the following financial statement elements are affected as a result of this transaction?

a. Assets
b. Assets and liabilities
c. Liabilities and stockholders' equity
d. Assets and stockholders' equity

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 3:58 AM
QUESTION ID:	JFND-GO3A-EW4R-GT1N
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-8R4S-KCJ3-G71D-CCBW-GESU-13JT-CRSS-C3MB-GOSU-R3TW-GWSS-NP3W-GI1S-RPBS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

48. Lazer Company paid a utility bill of $12,000 and paid rent of $20,000. As a result of these transactions, the stockholders' equity:

a. increases by $8,000.
b. decreases by $32,000.
c. increases by $20,000.
d. decreases by $12,000.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 4:00 AM
QUESTION ID:	JFND-GO3A-EW4R-GT1B

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJZ-GJTU-Q3B1-GR5D-CA5N-GHSU-EQJ3-8YSU-EA5D-GOSS-KPBZ-CWSU-EAUG-CR5G-GQBI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

49. WFC Company paid wages of $50,000 and received interest of $60,000. As a result of these transactions, the stockholders' equity:

a. increases by $ 60,000.
b. decreases by $110,000.
c. increases by $10,000.
d. decreases by $50,000.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 4:03 AM
QUESTION ID:	JFND-GO3A-EW4R-GTT3
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-GRHD-Y3DG-G3TD-NC31-CRSU-K3JU-CRSU-O3MD-GOSU-13B1-GHSS-GA5N-CITU-OP5R-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

50. If liabilities have a balance of $10,000 and stockholders' equity has a balance of $60,000, then assets must have a balance of:

a. $50,000.
b. $60,000.
c. $70,000.
d. $10,000.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying

DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GT1F
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJZ-CC5U-RATZ-CC5D-QP3A-GHSU-KQBO-CESS-CATU-GOSU-OPJW-GASU-KAUR-G3OS-GAJZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

51. Which of the following transactions changes the mix of assets only?
    a. Paid for supplies with cash.
    b. Borrowed money from Second National Bank.
    c. Received money for fees earned.
    d. Received a utility bill.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTTA
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-GYHD-GCT1-GB1D-NQBZ-GESS-K3JU-8YSU-CCJA-GOSU-GP5G-GRSU-RAJ1-GOHG-GAUD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

52. If assets have a balance of $80,000 and stockholders' equity has a balance of $60,000, then liabilities must have a balance of:
    a. $140,000.
    b. $60,000.
    c. $80,000.
    d. $20,000.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements

	United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GT1G
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJT-C31U-E3BS-CE5S-ECUF-GRSU-1P3O-8YSU-G3BZ-GOSU-1PMR-CRSU-EA3A-CITU-OC3T-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

53. Dim Co. issues common stock of $15,000. Which of the following statements regarding the effect of this transaction on the company's liquidity and profitability metric is true?

a. The transaction increases the liquidity and decreases the profitability of the company.

b. The transaction decreases the liquidity and increases the profitability of the company.

c. The transaction increases the liquidity and has no effect on the profitability of the company.

d. The transaction has no effect on the liquidity and increases the profitability of the company.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	10/28/2016 3:46 AM
DATE MODIFIED:	10/28/2016 3:50 AM
QUESTION ID:	JFND-GO33-GTBU-EP1N
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-GIUD-QAMG-GRHD-GP3Z-CRSU-YCBZ-CRSS-C3UR-GOSU-QC3O-GCSU-OA5F-GIUG-KP5R-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

54. Blue Ivy Inc. has the following transactions for the month of March:

Issued common stock	$60,000
Purchased land by paying cash	$100,000
Paid expenses	$25,000
Earned cash fees	$75,000

As a cumulative result of these transactions, the liquidity of Blue Ivy Inc.:

a. increases by $75,000.

b. increases by $10,000.

c. decreases by $25,000.

d. decreases by $50,000.

ANSWER:	b
POINTS:	1

DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC- 23 - Financial Statement Analysis
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
DATE CREATED: 10/28/2016 4:02 AM
DATE MODIFIED: 11/2/2016 3:44 AM
QUESTION ID: JFND-GO33-GTBU-EP1F
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-GAHU-RC5D-CR3U-RQBO-8YSS-C3TS-CESU-NA5N-GOSS-EAMG-8YSS-EQJU-CJUG-GA3I-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

55. Jade Inc. paid rent of $25,000 for the current month. This transaction:
   a. decreases the profitability of the company.
   b. has no effect on the profitability of the company.
   c. increases the liquidity of the company.
   d. has no effect on the liquidity of the company.

ANSWER: a
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC- 23 - Financial Statement Analysis
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
DATE CREATED: 10/28/2016 3:56 AM
DATE MODIFIED: 10/28/2016 3:59 AM
QUESTION ID: JFND-GO33-GTBU-EPTA
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMB-G71S-NQJ3-CA4U-CQDN-GOSS-C3MD-CESS-KCTU-GOSU-ECTA-CCSU-O3DG-CWHS-NQJI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

56. Blue Lilly Co. paid $50,000 to stockholders as dividends. As a result of this transaction, _____.
   a. the liquidity of Blue Lilly Co. increases
   b. the profitability of Blue Lilly Co. remains unchanged
   c. the profitability of Blue Lilly Co. decreases
   d. the liquidity of Blue Lilly Co. remains unchanged

ANSWER: b

POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC- 23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	10/28/2016 3:59 AM
DATE MODIFIED:	10/28/2016 4:01 AM
QUESTION ID:	JFND-GO33-GTBU-EP1G
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMB-GA3U-G3T1-CE5G-RPDF-GESS-KA5G-8RSS-EA3T-GOSU-QCUN-CASU-GC31-CE4D-1PTO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

57. JNC Co. buys equipment for $1,500,000 cash. This transaction:

a. decreases JNC Co.'s liquidity and has no effect on its profitability metric.
b. has no effect on JNC Co.'s liquidity and profitability.
c. increases JNC Co.'s liquidity and profitability.
d. has no effect on JNC Co.'s liquidity and decreases its profitability.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC- 23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
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DATE MODIFIED:	10/28/2016 3:56 AM
QUESTION ID:	JFND-GO33-GTBU-EPT3
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJU-CW4U-GPDR-GITG-KPUR-GHSU-RCJW-8RSU-GCMN-GOSS-CAJZ-8RSU-C3BU-GEAG-RAUG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

58. ABC Inc. borrows $50,000 from a bank to finance its operations. Which of the following statements regarding the effect of this transaction on the company's liquidity and profitability metric is true?

a. The transaction decreases the liquidity and increases the profitability of ABC Inc.
b. The transaction increases the liquidity and decreases the profitability of ABC Inc.
c. The transaction has no effect on the liquidity and profitability of ABC Inc.

d. The transaction increases the liquidity and has no effect on the profitability of ABC Inc.

ANSWER:	d
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
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59. The statement of shareholders' equity is prepared:
a. before the preparation of the income statement.
b. after the preparation of the statement of cash flows.
c. before the preparation of the balance sheet.
d. after the audit of the financial statements.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	10/13/2016 2:28 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-CEHD-OP5F-CCHU-NAMF-CASS-NP31-CRSS-R3BA-GOSS-GP5N-GOSS-ECJI-COAU-QC33-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

60. Following is the summary of the balance sheet of AWR Company:

	Total Assets	**Total Liabilities**

Beginning of the year	$250,000	$180,000
End of the year	$500,000	$370,000

Determine the net income (or loss) for the year, assuming no common stock was issued and no dividends were paid during the year?

a. $70,000
b. $200,000
c. $60,000
d. $130,000

ANSWER: c
POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
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DATE MODIFIED: 10/17/2016 7:29 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-GFTU-ECBT-8RHG-G3TA-COSU-QQDR-8RSU-NQDG-GOSU-RQJ3-CCSU-G3UR-CT1G-GCDR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

61. If total assets increased by $500,000 during a period and total liabilities increased by $420,000 during the same period, determine the net income (or loss) for the year , assuming no common stock was issued and dividends of $40,000 were paid.

a. $40,000
b. $210,000
c. $120,000
d. $290,000

ANSWER: c
POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/17/2016 7:29 AM

QUESTION ID:	JFND-GO3A-EW4R-GT1D
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-GE5D-CP3A-8BTS-EP5D-CESU-CA31-8YSS-E3MB-GOSU-CQDB-GASS-RCTI-GH4S-EP3O-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

62. Following are the summaries of balance sheet of LCF Company:

	Total Assets	**Total Liabilities**
Beginning of the year	$250,000	$180,000
End of the year	$500,000	$370,000

Determine the net income (or loss) for the year, assuming $80,000 of common stock was issued and no dividends were paid during the year?

a. $140,000
b. ($20,000)
c. $160,000
d. ($60,000)

ANSWER:	b
POINTS:	1
DIFFICULTY:	Challenging
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
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DATE MODIFIED:	10/13/2016 7:06 AM
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63. Glocal Inc. has retained earnings of $60,000, common stock of $110,000, and liabilities of $35,000. The total assets of the company are worth:

a. $205,000
b. $145,000
c. $95,000
d. $170,000

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03

NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
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DATE MODIFIED:	10/13/2016 7:06 AM
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64. Lewis Company has $25,000 in retained earnings, $40,000 in assets, and $11,000 in liabilities. How much is in common stock?

a. $29,000
b. $25,000
c. $14,000
d. $4,000

ANSWER:	d
POINTS:	1
DIFFICULTY:	Challenging
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
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DATE MODIFIED:	7/19/2016 9:45 AM
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65. A to Z Corporation paid a $10,000 cash dividend. On the Statement of Cash Flows, the transaction would be classified as:

a. Cash Flows from Operating Activities.
b. Cash Flows from Investing Activities.
c. Cash Flows from Financing Activities.
d. Noncash transaction.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy

QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-24 - Statement of Cash Flows
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Understanding
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66. A to Z Corporation purchased a building for $80,000 cash. On the Statement of Cash Flows, the transaction would be classified as:

a. Cash Flows from Operating Activities.
b. Cash Flows from Investing Activities.
c. Cash Flows from Financing Activities.
d. Noncash transaction.

ANSWER: b
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-24 - Statement of Cash Flows
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTTZ
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ3-8FTU-QCUF-CITU-KPBZ-8YSU-OC3T-8YSS-NPTO-GOSS-KQJA-GRSU-NPJZ-8Y3U-YCMG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

67. A to Z Corporation issued a $30,000 note payable to borrow cash from the bank. On the Statement of Cash Flows, the transaction would be classified as:

a. Cash Flows from Operating Activities.
b. Cash Flows from Investing Activities.
c. Cash Flows from Financing Activities.
d. Noncash transaction.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-24 - Statement of Cash Flows United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTTS
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJO-CI1G-KCJZ-GJUD-QC3Z-GYSU-EAMN-8YSS-KPUN-GOSS-ECTA-GHSU-YA3O-C3TD-KPTT-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

68. An increase in Stockholders' Equity from revenues earned will also result in an increase in:
   a. liabilities.
   b. assets.
   c. expenses.
   d. cash flow from financing activities.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ3-8F1U-GCJO-GOAU-NCUN-CESU-Q3DF-CRSS-G3T1-GOSS-NAUB-CESS-KP3W-GA4D-QCBI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

69. For EFG Co., the transaction "payment to creditors" would:
   a. increase total assets.
   b. decrease total assets.
   c. have no effect on total assets.

d. decrease stockholders' equity.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-GW4D-NAJI-GB1U-YCTO-COSU-1PJU-CRSU-YQBO-GOSS-CQBW-GESS-GQBO-GO3U-O3TT-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

70. For EFG Co., the transaction "cash sales to customers at a profit" would:

a. increase total assets.

b. decrease total assets.

c. have no effect on total assets.

d. decrease stockholders' equity.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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DATE MODIFIED:	11/2/2016 6:12 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJS-GE5U-R3TS-CTTU-R3UN-CRSU-OATU-CESS-N3BW-GOSU-YC3O-GHSU-KCJ3-8FOS-C3TI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

71. For EFG Co., the transaction "payment of interest expense" would:

a. increase total assets.

b. decrease total assets.

c. have no effect on total assets.
d. increase stockholders' equity.

ANSWER: b
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 11/2/2016 6:12 AM
QUESTION ID: JFND-GO3A-EW4R-GO4B
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMN-CC4D-K3TZ-GC3S-G3TS-8YSU-YAJ3-CRSS-RAJ1-GOSU-NQJ1-GOSU-YATZ-GRAS-CPJO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

72. For EFG Co., the transaction "purchase of store equipment with cash" would:
a. increase total assets.
b. decrease total assets.
c. have no effect on total assets.
d. decrease stockholders' equity.

ANSWER: c
POINTS: 1
DIFFICULTY: Moderate
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 11/2/2016 6:13 AM
QUESTION ID: JFND-GO3A-EW4R-GO33
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-GF1U-GCTA-8FOU-KP3O-8RSU-NQDB-CESU-CCUG-GOSS-KAUD-GESU-CC3S-CAHD-1PTW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

73. For EFG Co., the transaction "payment of dividends" would:
a. increase total assets.

b. decrease total assets.
c. have no effect on total assets.
d. increase stockholders' equity.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 6:13 AM
QUESTION ID:	JFND-GO3A-EW4R-GO3A
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMB-8R5D-OQBS-COHS-RQJI-8YSU-QCMN-CRSU-EQDD-GOSS-EA3A-COSU-CC5B-CR3U-GCTS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

74. For EFG Co., the transaction "purchase of store equipment with a note payable" would:
a. increase total assets.
b. decrease total assets.
c. have no effect on total assets.
d. decrease total liabilities.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO4G
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJA-8Y5D-QQJW-GE3D-GCT3-GCSU-GC5D-8RSU-1PTS-GOSS-CP5F-GHSS-KQMF-CW3G-GAMR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

75. For EFG Co., the transaction "payment of quarterly taxes" would:

a. increase total assets.
b. decrease total assets.
c. have no effect on total assets.
d. increase stockholders' equity.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 6:14 AM
QUESTION ID:	JFND-GO3A-EW4R-GO4F
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJA-8FTD-OQDF-CJ1D-NP3W-GASU-GC3T-8RSU-RCJ3-GOSS-N3MR-CCSU-NC3W-GYAS-ECB1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

76. For EFG Co., the transaction "receipt of interest income" would:
a. increase total assets.
b. decrease total assets.
c. have no effect on total assets.
d. decrease total liabilities.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO4R
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-CE5U-CAMD-8RAS-KPJA-CASU-EP3U-CESU-E3UD-GOSU-QC3T-CCSU-NP3I-GW3U-E3MF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

77. For EFG Co., the transaction "receipt of a utility bill" would:
    a. increase total assets.
    b. decrease total assets.
    c. have no effect on total assets.
    d. decrease total liabilities.

ANSWER:	c
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO4D
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-GWAU-1PBW-GY4D-QAJS-GRSU-OPMD-8YSU-1A5R-GOSU-1PTS-CWSU-Q3BS-CIOU-K3BU-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

78. For EFG Co., the transaction "billed a customer for fees earned" would:
    a. increase total assets.
    b. decrease total assets.
    c. have no effect on total assets.
    d. increase total liabilities.

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO3U
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-G7TU-KATS-GC3G-KCTO-GESU-C3JT-8RSS-EQJA-GOSU-OATU-CASS-E3TA-GFOU-RPJW-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

79. The income statement for August indicates net income of $100,000. The corporation also paid $25,000 in dividends during the same period. If the company is in operation for only one month and has no beginning balance in retained earnings, what is the ending balance in retained earnings?

a. $75,000
b. $100,000
c. $20,000
d. $125,000

ANSWER:	a
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO31
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ3-8YAU-RCJO-CP1D-QPTT-8YSS-RA3T-CRSU-OCMN-GOSS-NQJU-CASU-EATO-GHAU-GATI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

80. Anthony, Inc. buys land for $50,000 cash. The net effect on assets is:

a. $50,000 increase.
b. $0.
c. $50,000 decrease.
d. $25,000 increase.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO3T
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-

CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-CI1U-1QJT-CE5D-EC5N-CASU-QC3Z-8RSU-YCJI-GOSS-ECMG-CCSU-NA3T-GPTG-RP3S-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

81. Declaring and paying cash dividends affects which account/ accounts?

a. Cash only
b. Common stock only
c. Cash and retained earnings
d. Cash and common stock

ANSWER:	c
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/28/2016 3:41 AM
QUESTION ID:	JFND-GO3A-EW4R-GO3O
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMN-GRHG-GC5G-G3OS-ECTT-8YSU-GPJU-CRSS-NA3I-GOSS-EQMD-CRSS-C3BI-GA4U-Q3TS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

82. Buying equipment for cash affects which account/ accounts?

a. Cash only
b. Retained earnings only
c. Equipment and retained earnings
d. Cash and equipment

ANSWER:	d
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GO3Z

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJU-GRAS-RPTW-C3UG-CCMD-COSU-KQDF-8RSS-KCUB-GOSS-K3BO-GESU-1PDG-CE4U-GCTO-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

83. Inventory is less liquid than:
    a. accounts receivable.
    b. land.
    c. plant and equipment.
    d. patents.

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/14/2016 8:59 AM
QUESTION ID: JFND-GO3A-EW4R-GO3S
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMB-GYAU-1AJO-GW4D-OP5N-CCSU-YPTT-CESS-ECBZ-GOSS-N3JT-GHSS-KCDN-8R5D-ECBA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

84. Paying expenses affects which financial statement elements?
    a. Assets only
    b. Stockholders' equity only
    c. Assets and stockholders' equity
    d. Assets and liabilities

ANSWER: c
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.13.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Understanding
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM

QUESTION ID: JFND-GO3A-EW4R-GO3I

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-GI1G-NCTW-GA4U-RPDB-GESU-GPT3-8YSS-GPUG-GOSS-EA5F-8RSU-O3DF-GW5S-RPT3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

85. Blue Inc. has the following transactions for the month of April:

Fees earned in cash	$640,000
Expenses paid	$300,000
Dividends paid	$50,000

As a result of these transactions, Blue Inc.'s profitability metric:

a. increases by $340,000.

b. decreases by $300,000.

c. increases by $290,000.

d. decreases by $640,000.

ANSWER: a

POINTS: 1

DIFFICULTY: Challenging

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: SACC.WARR.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG: Analytic

STATE STANDARDS: United States - DISC: - ACBSP: APC- 23 - Financial Statement Analysis
United States - AK - DISC: AICPA: FN-Measurement

KEYWORDS: Bloom's: Applying

DATE CREATED: 10/28/2016 4:07 AM

DATE MODIFIED: 11/2/2016 4:24 AM

QUESTION ID: JFND-GO33-GTBU-EP1R

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ3-GA4G-R3DR-CPTD-ECDB-CWSS-G3TS-CESU-ECDG-GOSU-QCT3-COSU-N3TA-GC3U-1A3Z-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

86. Navy Inc. buys land for $500,000 cash in the month of March. In March, it also paid wages of $100,000. Which of the following statements is true with regards to the above transactions?

a. Navy Inc.'s profitability decreases by $500,000, and liquidity decreases by $100,000.

b. Navy Inc.'s liquidity decreases by $600,000, and profitability remains unchanged.

c. Navy Inc.'s liquidity and profitability decrease by $600,000.

d. Navy Inc.'s liquidity decreases by $600,000, and profitability decreases by $100,000.

ANSWER: d

POINTS: 1

DIFFICULTY: Challenging

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: SACC.WARR.18.2-4 - LO: 02.04

NATIONAL STANDARDS: United States - BUSPROG: Analytic

STATE STANDARDS: United States - DISC: - ACBSP: APC- 23 - Financial Statement Analysis
United States - AK - DISC: AICPA: FN-Measurement

KEYWORDS: Bloom's: Applying

DATE CREATED: 10/28/2016 4:12 AM

DATE MODIFIED: 10/28/2016 4:14 AM

QUESTION ID: JFND-GO33-GTBU-EP1D

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMG-GAAD-QP3I-8BTG-E3TS-GASU-OCBI-8YSS-NAMG-GOSS-E3MN-GOSS-GA31-CA4U-Q3DG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

87. The payment of a liability:
   a. decreases assets and stockholders' equity.
   b. increases assets and decreases liabilities.
   c. decreases assets and increases liabilities.
   d. decreases assets and decreases liabilities.

ANSWER: d

POINTS: 1

DIFFICULTY: Easy

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: SACC.WARR.18.2-5 - LO: 02.05

NATIONAL STANDARDS: United States - BUSPROG: Analytic

STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement

KEYWORDS: Bloom's: Understanding

DATE CREATED: 7/19/2016 9:45 AM

DATE MODIFIED: 7/19/2016 9:45 AM

QUESTION ID: JFND-GO3A-EW4R-GO3W

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMB-CTOU-YAMR-CC5U-QCJW-GRSU-R3T1-8RSU-KCMF-GOSU-O3TA-CRSU-N3DD-CCHU-GATS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

88. The first month of operation showed the net cash from operating activities to be $1,850, the net cash from investing activities to be ($3,000), and the ending cash balance to be $1,600. The net cash from financing activities must be:
   a. $450.
   b. $2,750.
   c. $3,250.
   d. $6,450.

ANSWER: b

POINTS: 1

DIFFICULTY: Moderate

QUESTION TYPE: Multiple Choice

HAS VARIABLES: False

LEARNING OBJECTIVES: SACC.WARR.18.2-5 - LO: 02.05
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-24 - Statement of Cash Flows
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTNN
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJO-G7TS-NPTA-GFOS-NP33-GYSU-RPUR-CRSU-NQMN-GOSU-C3JZ-CASU-G3UF-CTTD-EA3S-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

89. A common-sized income statement is prepared by expressing income statement amounts as a percent of _____.
    a. sales
    b. purchases
    c. total assets
    d. profit

ANSWER: a
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-6 - LO: 02.06
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-23 - Financial Statement Analysis
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Remembering
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTNB
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-COHS-NCJU-CEAD-OCTW-8RSU-CPTU-CESS-RPTT-GOSS-KA3I-CCSU-NQBU-CFOU-KCMG-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

90. A common-sized balance sheet is prepared by expressing each liability item as a percent of:
    a. total sales.
    b. total stockholders' equity.
    c. total liabilities.
    d. total liabilities plus stockholders' equity.

ANSWER: d
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Multiple Choice

HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-6 - LO: 02.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
QUESTION ID:	JFND-GO3A-EW4R-GTB3
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-GT1G-NAMD-CAAS-CPJA-GWSS-NPTO-8RSU-OCUG-GOSU-G3UD-GCSU-ECJW-GO3S-GPBA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

91. A common-sized balance sheet is prepared by expressing each asset as a percent of:

a. total current assets.

b. total assets.

c. total long-term assets.

d. total liabilities.

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-6 - LO: 02.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	10/13/2016 4:46 AM
QUESTION ID:	JFND-GO3A-EW4R-GTBA
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-CCHU-NPTU-GIOU-KA5F-COSU-C3TT-8RSU-CQJT-GOSU-C3MR-CASU-G3JA-8YAS-C3DR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

92.

	Year 2	Year 1
Sales	$170,000	$130,000
Cost of sales	135,000	105,000
Gross profit	$ 35,000	$ 25,000

Using the above information, calculate the percentage increase or decrease in cost of sales from Year 1 to Year 2?

a. Increase of 2.1%

b. Decrease of 1.4%

c. Increase of 1.4%

d. Decrease of 2.1%

ANSWER:	b
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Multiple Choice
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-6 - LO: 02.06
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-23 - Financial Statement Analysis United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 3:47 AM
QUESTION ID:	JFND-GO3A-EW4R-GTNG
QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMG-CP1D-NQDF-G71G-RPT1-GYSU-Y3TZ-8YSU-EC5D-GOSS-EAJA-CASS-GP3A-G7TG-C3MD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

93. What are the basic elements of a financial accounting system?

ANSWER:	A financial accounting system is designed to produce financial statements. The basic elements of a financial accounting system include: (1) A set of rules for determining what, when, and the amount that should be recorded (2) A framework for preparing financial statements (3) One or more controls to determine whether errors may have arisen in the recording process.
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-01 - Purpose United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Remembering
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	7/19/2016 9:45 AM
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94. The accounting equation "Assets = Liabilities + Stockholders' Equity" is affected by transactions. Is it possible to have a transaction that only impacts one financial element of the equation? Can a transaction impact two elements of the equation? Give examples.

ANSWER:	Yes to both questions. Examples include: (1) increase cash and decrease equipment; (2) increase cash and increase stockholders' equity.
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-1 - LO: 02.01
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-GE4G-EQMG-CFTD-NQDB-CRSS-CPJI-CESS-CC5N-GOSS-CPMD-GRSU-QC3O-GRHU-KPMN-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

95. Letty's Laundry and Dry Cleaning incorporated and started business on January 1, 2016.

1	Letty's Laundry and Dry Cleaning began business by depositing $30,000 in a checking account in the name of Letty's Laundry and Dry Cleaning, Inc. for which common stock is issued.
2	Borrowed $6,000 from City Bank.
3	Purchased equipment from Washers Wholesale, $16,200.
4	Purchased supplies costing $3,000 from Suds 'n Stuff for cash.
5	Paid one month's rent for business space in Pine Plaza, $1,000.
6	Services provided to customers during January totaled $13,400. All services were paid for in cash.
7	Paid employees for January, $2,240.
8	Received and paid the utility bill, $500.
9	Received and paid the telephone bill, $250.
10	Paid dividends to the stockholders, $2,140.

Indicate the effect of each transaction on the accounting equation by listing the numbers identifying the transactions, (1) through (10) in a vertical column, and inserting at the right of each number the appropriate letter from the following list:

a.	Increase in an asset, decrease in another asset.
b.	Increase in an asset, increase in a liability.
c.	Increase in an asset, increase in stockholders' equity.
d.	Decrease in an asset, decrease in a liability.
e.	Decrease in an asset, decrease in stockholders' equity

ANSWER:

1.	c
2.	b
3.	b
4.	a
5.	e
6.	c
7.	e
8.	e
9.	e

	10. e
POINTS:	1
DIFFICULTY:	Moderate
QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-2 - LO: 02.02
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-06 - Recording Transactions United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 6:17 AM
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QUESTION GLOBAL ID:	GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJT-8RAU-QA5F-GY3U-QAMF-8YSU-GQJS-CESS-K3UN-GOSU-NPBA-GESU-E3BW-8FTG-EPDR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

96. **Part A**
Indicate the effect of each transaction during the month of October 2016 and the balances for the accounting equation after all transactions have been recorded. No beginning balances exist in the accounts. An accounting equation has been provided.

a. Opened a business bank account for Jones, Inc., with an initial deposit of $45,000 in exchange for common stock.
b. Paid rent on the office building for the month, $2,000.
c. Received cash for fees earned of $5,000.
d. Purchased equipment, $7,000.
e. Borrowed $20,000 by issuing a note payable.
f. Paid salaries for the month, $1,000.
g. Received cash for fees earned of $8,000.
h. Paid dividends, $3,000.
i. Paid interest on the note, $100.

	Assets =		**Liabilities + Stockholders' Equity**		
	Cash	**Equipment**	**Notes Payable**	**Common Stock**	**Retained Earnings**
a.					
b.					
c.					
d.					
e.					
f.					
g.					
h.					
i.					
Bal.					

Part B
Using the information from Part A, prepare (1) an income statement, (2) a statement of stockholders' equity, (3) a balance

sheet, and (4) a statement of cash flows for the month of October.

Jones, Inc.
Income Statement
For the Month Ended October 31, 2016

Jones, Inc.
Statement of Stockholders' Equity
For the Month Ended October 31, 2016

Jones, Inc.
Balance Sheet
October 31, 2016

Jones, Inc. Statement of Cash Flows For the Month Ended October 31, 2016		

ANSWER:

Part A

	Assets =		**Liabilities + Stockholders' Equity**		
	Cash	**Equipment**	**Notes Payable**	**Common Stock**	**Retained Earnings**
a.	45,000			45,000	
b.	−2,000				−2,000 Rent Expense
c.	5,000				5,000 Fees Earned
d.	−7,000	7,000			

e.	20,000		20,000		
f.	−1,000				−1,000 Salaries Expense
g.	8,000				8,000 Fees Earned
h.	−3,000				−3,000 Dividends
i.	−100				−100 Interest Expense
Bal.	64,900	7,000	20,000	45,000	6,900

Part B

Jones, Inc. Income Statement For the Month Ended October 31, 2016		
Revenues:		
Fees Earned		$13,000
Expenses:		
Rent Expense	$2,000	
Salaries Expense	1,000	
Interest Expense	100	
Total Expenses		3,100
Net Income		$ 9,900

Jones, Inc. Statement of Stockholders' Equity For the Month Ended October 31, 2016		
Balances, October 1, 2016		$ 0
Add: Net Income		9,900
Less: Dividends		(3,000)
Balances, October 31, 2016		$6,900

Jones, Inc. Balance Sheet October 31, 2016		
Assets		
Cash	$64,900	
Equipment	7,000	
Total Assets		$71,900
Liabilities		
Notes Payable		$20,000
Stockholders' Equity		
Common Stock	$45,000	
Retained Earnings	6,900	51,900
Total Liabilities and Stockholders' Equity		$71,900

Jones, Inc. Statement of Cash Flows

For the Month Ended October 31, 2016		
Cash flows from operating activities:		
Cash receipts from operating activities	$13,000	
Cash payments for operating activities	(3,100)	
Net cash flows from operating activities		$ 9,900
Cash flows from investing activities:		
Cash payments for equipment		(7,000)
Cash flows from financing activities:		
Cash receipts from issuing common stock	$45,000	
Cash receipts from note payable	20,000	
Cash payments for dividends	(3,000)	
Net cash flows from financing activities		62,000
Cash as of October 31, 2016		$ 64,900

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-2 - LO: 02.02
SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-09 - Financial Statements
United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS: Bloom's: Applying
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DATE MODIFIED: 10/28/2016 3:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTB1
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-GO3G-NPBS-CO5S-RP5B-GASU-YPUN-CRSS-NCBW-GOSS-ECMR-GESU-E3UN-GHHD-ECBS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

97. Explain how the four financial statements are linked.

ANSWER: A financial accounting system is designed to produce four financial statements. The income statement, statement of stockholders' equity, and statement of cash flows are linked to an element of the balance sheet.

(1) The income statement shows the net effects of revenues and expenses, which affects the retained earnings on the balance sheet.

(2) The statement of stockholders' equity reflects the net income and dividends paid and shows how retained earnings in the balance sheet moves from the beginning balance to the ending balance.

(3) The statement of cash flows explains how the cash balance in the balance sheet moves from the beginning balance to the ending balance by looking at the cash effects of operating, investing, and financing activities.

POINTS: 1
DIFFICULTY: Moderate

QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Reporting
KEYWORDS:	Bloom's: Understanding
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98. How can a company earn a large net income and have a small balance in retained earnings?

ANSWER:	The company may pay out most of its earnings in dividends.
POINTS:	1
DIFFICULTY:	Easy
QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-3 - LO: 02.03
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Understanding
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99. Calculate the following:

(a) Determine the cash receipts for May based on the following data:

Cash payments during May	$42,500
Cash account balance, May 1	3,750
Cash account balance, May 31	6,000

(b) Determine the cash received from customers on account during May based on the following data:

Accounts receivable account balance, May 1	$11,500
Accounts receivable account balance, May 31	8,250
Fees billed to customers during May	28,000

ANSWER:
(a) $44,750 ($6,000 + $42,500 − $3,750)
(b) $31,250 ($11,500 + $28,000 − $8,250)

POINTS: 1
DIFFICULTY: Challenging
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.13.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/12/2016 5:56 AM
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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-CA5G-GCUD-GHAD-NCJU-CCSS-E3T3-CRSU-QPUD-GOSU-1AUF-8RSU-YAMR-CRAS-KA3W-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

100. On May 1, the cash account balance was $72,600. During May, cash receipts totaled $345,600 and the May 31 balance was $95,230. Determine the cash payments made during May.
ANSWER: $95,230 = $72,600 + $345,600 − ?
Cash payments = $322,970
POINTS: 1
DIFFICULTY: Easy
QUESTION TYPE: Subjective Short Answer
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-4 - LO: 02.04
NATIONAL STANDARDS: United States - BUSPROG: Analytic
STATE STANDARDS: United States - DISC: - ACBSP: APC-06 - Recording Transactions
United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Applying
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101. The following are included in Ace Auto Parts, Inc.'s December 31, 2016 balance sheet:

Accounts Receivable	$ 50,000
Building	100,000
Cash	60,000
Land	130,000
Accounts Payable	40,000
Notes Payable	70,000
Stockholders' Equity	?

Below are the balances for December 31, 2016:

Accounts Receivable	$ 90,000
Building	100,000
Cash	150,000
Land	130,000
Accounts Payable	60,000
Notes Payable	50,000
Stockholders' Equity	?

Analyze the changes in these balances and determine net income for 2017, assuming that the only change to stockholders' equity is from net income.

ANSWER:

	Assets =	Liabilities +	Stockholders' Equity
	50,000		
	100,000		
	60,000	40,000	
	130,000	70,000	
Bal. 12/31/2016	340,000	110,000	230,000

	Assets =	Liabilities +	Stockholders' Equity
	90,000		
	100,000		
	150,000	60,000	
	130,000	50,000	
Bal. 12/31/2017	470,000	110,000	360,000

Stockholders' Equity ending balance	$360,000
Stockholders' Equity beginning balance	230,000
Change - Net income	$130,000

POINTS:	1
DIFFICULTY:	Challenging
QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
LEARNING OBJECTIVES:	SACC.WARR.18.2-5 - LO: 02.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
DATE CREATED:	7/19/2016 9:45 AM
DATE MODIFIED:	11/2/2016 3:54 AM
QUESTION ID:	JFND-GO3A-EW4R-GTBZ
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THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

December 31, (In millions except par value)	2008	2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 4,701	$ 4,093
Marketable securities	278	215
Trade accounts receivable, less allowances of $51 and $56, respectively	3,090	3,317
Inventories	2,187	2,220
Prepaid expenses and other assets	1,920	2,260
TOTAL CURRENT ASSETS	12,176	12,105
INVESTMENTS		
Equity method investments:		
Coca-Cola Hellenic Bottling Company S.A.	1,487	1,549
Coca-Cola FEMSA, S.A.B. de C.V.	877	996
Coca-Cola Amatil Limited	638	806
Coca-Cola Enterprises Inc.	—	1,637
Other, principally bottling companies and joint ventures	2,314	2,301
Other investments, principally bottling companies	463	488
TOTAL INVESTMENTS	5,779	7,777
OTHER ASSETS	1,733	2,675
PROPERTY, PLANT AND EQUIPMENT — net	8,326	8,493
TRADEMARKS WITH INDEFINITE LIVES	6,059	5,153
GOODWILL	4,029	4,256
OTHER INTANGIBLE ASSETS	2,417	2,810
TOTAL ASSETS	$ 40,519	$ 43,269
LIABILITIES AND SHAREOWNERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,205	$ 6,915
Loans and notes payable	6,066	5,919
Current maturities of long-term debt	465	133
Accrued income taxes	252	258
TOTAL CURRENT LIABILITIES	12,988	13,225
LONG-TERM DEBT	2,781	3,277
OTHER LIABILITIES	3,401	3,133
DEFERRED INCOME TAXES	877	1,890
SHAREOWNERS' EQUITY		
Common stock, $0.25 par value; Authorized — 5,600 shares; Issued — 3,519 and 3,519 shares, respectively	880	880
Capital surplus	7,966	7,378
Reinvested earnings	38,513	36,235
Accumulated other comprehensive income (loss)	(2,674)	626
Treasury stock, at cost — 1,207 and 1,201 shares, respectively	(24,213)	(23,375)
TOTAL SHAREOWNERS' EQUITY	20,472	21,744
TOTAL LIABILITIES AND SHAREOWNERS' EQUITY	$ 40,519	$ 43,269

Refer to Notes to Consolidated Financial Statements.

102. Refer to Coke's balance sheet and answer the following questions:

(a) Did Coke issue any stock in 2008? If so, how many shares were issued and where might this information be found?

(b) Did Coke repurchase any common stock in 2008? If so, how many shares were repurchased and where might this information be found?

ANSWER:

(a) No, for both 2008 and 2007, Coke had 3,519,000,000 shares issued. The information is in the Shareowners' Equity section of the Balance Sheet.

(b) Yes, Coke repurchased 6,000,000 shares of its common stock. The information is in the Shareowners' Equity section of the Balance Sheet.

POINTS: 1

DIFFICULTY:	Challenging
QUESTION TYPE:	Subjective Short Answer
HAS VARIABLES:	False
PREFACE NAME:	Coke balance sheet
LEARNING OBJECTIVES:	SACC.WARR.18.2-5 - LO: 02.05
NATIONAL STANDARDS:	United States - BUSPROG: Analytic
STATE STANDARDS:	United States - DISC: - ACBSP: APC-09 - Financial Statements United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS:	Bloom's: Applying
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DATE MODIFIED:	11/2/2016 6:18 AM
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PREFACE GLOBAL ID:	GCID-e5a40e7f2dec-4409-83c4-7b80-129d061c