

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

QUESTION ID: JFND-GO3A-EW4R-GQNB

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

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

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QUESTION ID: JFND-GO3A-EW4R-GQB3

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-CE5U-NATI-GBTD-OCB1-CRSU-EATI-8RSS-RP3T-GOSU-QA33-GHSS-G3UR-GRHU-CA3Z-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

3. Any given transaction must affect at least two different parts of the accounting equation.

- a. True
- b. False

Chapter 2

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
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-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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 11/2/2016 4:53 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-8RAU-OATZ-GTTU-GPUG-CRSU-NCDN-8RSS-CPTA-GOSU-13TU-CWSU-YPTS-CWHU-EPUD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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

Chapter 2

DIFFICULTY: Easy
QUESTION TYPE: True / False
HAS VARIABLES: False
LEARNING OBJECTIVES: SACC.WARR.18.2-1 - LO: 02.01
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United States - AK - DISC: AICPA: FN-Measurement
KEYWORDS: Bloom's: Remembering
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DATE MODIFIED: 10/13/2016 3:31 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-CWAS-NC5N-8R4S-EPTT-GASU-KCBW-CRSU-OCUB-GOSS-CPBZ-GCSU-1PB3-CEHS-NPUR-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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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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-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

Chapter 2

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-GQND

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

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KEYWORDS: Bloom's: Understanding

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

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QUESTION ID: JFND-GO3A-EW4R-GQBU

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

Chapter 2

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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-GQB1

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
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KEYWORDS: Bloom's: Understanding

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QUESTION ID: JFND-GO3A-EW4R-GQBT

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-GIUD-GAUF-CEAS-K3MG-GCSS-KP5B-CESS-C3JW-GOSU-R3TT-GASU-RPBT-G7UG-CAJA-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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

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Chapter 2

KEYWORDS: Bloom's: Understanding
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DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GQBO
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

Chapter 2

QUESTION ID: JFND-GO3A-EW4R-GQBS

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
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KEYWORDS: Bloom's: Understanding

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

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QUESTION ID: JFND-GO3A-EW4R-GQBI

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

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QUESTION ID: JFND-GO3A-EW4R-GQBW

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-

Chapter 2

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

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QUESTION ID: JFND-GO3A-EW4R-GQKN

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

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QUESTION ID: JFND-GO3A-EW4R-GQKB

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMG-G3TS-E3UF-G3TS-RA3O-CWSU-YAUN-8RSS-CA3I-GOSS-RA3U-GCSU-RPB3-CC5U-OCB1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

18. The payment of utilities expense in cash would affect the operating activities in the statement of cash flows and the

Chapter 2

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

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QUESTION ID: JFND-GO3A-EW4R-GQJ3

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

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United States - AK - DISC: AICPA: FN-Measurement

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-GBOU-QQDD-CCHD-CATO-COSU-NCDN-CRSS-NCTA-GOSS-CCTW-CASU-CQB3-8YHU-Y3MD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

20. Accounts receivable is less liquid than Furniture, so it is listed after Furniture on a balance sheet.

- a. True

Chapter 2

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

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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.

Chapter 2

- 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
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DATE MODIFIED: 11/2/2016 6:05 AM
QUESTION ID: JFND-GO3A-EW4R-GQKR
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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/13/2016 2:17 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-EMJZ-C3UG-KPJT-GHHG-NAT1-8YSU-RP33-8YSS-K3JS-GOSU-OA5B-GASS-E3BI-CO4D-QP3T-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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:

Chapter 2

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

Chapter 2

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

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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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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJW-CO4S-KC5F-GOAD-QCDF-CCSS-EAMF-8RSU-K3TT-GOSU-GAMF-GWSS-CP3I-CJOU-OA31-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

Chapter 2

28. The gross increases in stockholders' equity attributable to business activities are called:
- assets.
 - liabilities.
 - revenues.
 - 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

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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?
- Total assets will exceed total liabilities and stockholders' equity by \$20,000.
 - Total assets will exceed total liabilities and stockholders' equity by \$40,000.
 - Total assets will be less than total liabilities and stockholders' equity by \$40,000.
 - 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

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

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

QUESTION ID: JFND-GO3A-EW4R-GQJI

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Chapter 2

GASU-OAMN-CRSU-O3BO-GOSU-EQMR-GRSS-EPDB-GY5D-NCJT-E7JI-YT4D-JFNN-40TI-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 ID: JFND-GO3A-EW4R-GQJW

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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

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QUESTION ID: JFND-GO3A-EW4R-GTKN

Chapter 2

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:
- 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.
 - 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.
 - 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.
 - 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

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

Chapter 2

KEYWORDS: Bloom's: Understanding
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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
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DATE MODIFIED: 11/2/2016 6:09 AM
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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

Chapter 2

United States - AK - DISC: AICPA: FN-Measurement

KEYWORDS:

Bloom's: Understanding

DATE CREATED:

7/19/2016 9:45 AM

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QUESTION ID:

JFND-GO3A-EW4R-GTKG

QUESTION GLOBAL ID:

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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:

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10/13/2016 3:50 AM

QUESTION ID:

JFND-GO3A-EW4R-GTKF

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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

Chapter 2

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
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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-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

Chapter 2

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

Chapter 2

- 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
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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?

Chapter 2

- 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

Chapter 2

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-

Chapter 2

40TI-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?

- Assets
- Assets and liabilities
- Liabilities and stockholders' equity
- 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-40TI-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:

- increases by \$8,000.
- decreases by \$32,000.
- increases by \$20,000.
- 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

Chapter 2

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

Chapter 2

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?

- Paid for supplies with cash.
- Borrowed money from Second National Bank.
- Received money for fees earned.
- 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:

- \$140,000.
- \$60,000.
- \$80,000.
- \$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

Chapter 2

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?

- The transaction increases the liquidity and decreases the profitability of the company.
- The transaction decreases the liquidity and increases the profitability of the company.
- The transaction increases the liquidity and has no effect on the profitability of the company.
- 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.:

- increases by \$75,000.
- increases by \$10,000.
- decreases by \$25,000.
- decreases by \$50,000.

ANSWER: b

Chapter 2

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
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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-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:
- decreases the profitability of the company.
 - has no effect on the profitability of the company.
 - increases the liquidity of the company.
 - 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, _____.
- the liquidity of Blue Lilly Co. increases
 - the profitability of Blue Lilly Co. remains unchanged
 - the profitability of Blue Lilly Co. decreases
 - the liquidity of Blue Lilly Co. remains unchanged

Chapter 2

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
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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-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:
- decreases JNC Co.'s liquidity and has no effect on its profitability metric.
 - has no effect on JNC Co.'s liquidity and profitability.
 - increases JNC Co.'s liquidity and profitability.
 - 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
DATE CREATED: 10/28/2016 3:53 AM
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?
- The transaction decreases the liquidity and increases the profitability of ABC Inc.
 - The transaction increases the liquidity and decreases the profitability of ABC Inc.

Chapter 2

- 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
DATE CREATED: 10/28/2016 3:50 AM
DATE MODIFIED: 10/28/2016 3:53 AM
QUESTION ID: JFND-GO33-GTBU-EP1B
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-
CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMD-GEHU-R3B3-CEAS-GPMG-
GESU-1PTI-CESU-GPUG-GOSU-1ATS-CCSU-RAT3-GCHS-E3BI-E7JI-YT4D-JFNN-
4OTI-GO4W-NQNBEE

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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/13/2016 2:28 AM
QUESTION ID: JFND-GO3A-EW4R-GQJT
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:

Chapter 2

| | 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

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

DATE MODIFIED: 10/17/2016 7:29 AM

QUESTION ID: JFND-GO3A-EW4R-GT1R

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

Chapter 2

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

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

DATE MODIFIED: 10/13/2016 7:06 AM

QUESTION ID: JFND-GO3A-EW4R-GTTU

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMF-GE3D-KPUB-GH5D-OQJA-CASU-Y3MB-CRSU-C3TT-GOSU-OP5F-8RSU-13JA-CF1S-NQJZ-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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

Chapter 2

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: 10/13/2016 7:06 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-GP1U-YAMD-CAAU-ECDF-8RSS-NCJ3-8YSS-KCDB-GOSS-GQDN-CASS-NPJU-CE5S-K3UF-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTTT
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJW-8R4U-OPJT-GA3U-OC5R-GESU-EQMN-8YSS-GCDR-GOSU-RAT1-GRSS-N3DD-GWAS-NC3I-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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

Chapter 2

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-GTTO
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJI-GW5U-E3BW-GIUD-RC3I-CWSU-YCB3-CESU-QQDF-GOSS-EQJZ-GYSU-Q3DN-GT1U-C3T1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

66. A to Z Corporation purchased a building for \$80,000 cash. On the Statement of Cash Flows, the transaction would be classified as:

- Cash Flows from Operating Activities.
- Cash Flows from Investing Activities.
- Cash Flows from Financing Activities.
- 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
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DATE MODIFIED: 7/19/2016 9:45 AM
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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:

- Cash Flows from Operating Activities.
- Cash Flows from Investing Activities.

Chapter 2

- 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
DATE CREATED: 7/19/2016 9:45 AM
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
QUESTION ID: JFND-GO3A-EW4R-GTTI
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.

Chapter 2

- 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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 7/19/2016 9:45 AM
QUESTION ID: JFND-GO3A-EW4R-GTTW
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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 11/2/2016 6:12 AM
QUESTION ID: JFND-GO3A-EW4R-GO4N
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:

Chapter 2

- 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

Chapter 2

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

Chapter 2

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-

Chapter 2

40TI-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-40TI-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-

Chapter 2

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

Chapter 2

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

Chapter 2

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-COSU-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

Chapter 2

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:

- increases by \$340,000.
- decreases by \$300,000.
- increases by \$290,000.
- 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?

- Navy Inc.'s profitability decreases by \$500,000, and liquidity decreases by \$100,000.
- Navy Inc.'s liquidity decreases by \$600,000, and profitability remains unchanged.
- Navy Inc.'s liquidity and profitability decrease by \$600,000.
- Navy Inc.'s liquidity decreases by \$600,000, and profitability decreases by \$100,000.

ANSWER: d

POINTS: 1

DIFFICULTY: Challenging

QUESTION TYPE: Multiple Choice

Chapter 2

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:
- decreases assets and stockholders' equity.
 - increases assets and decreases liabilities.
 - decreases assets and increases liabilities.
 - 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:
- \$450.
 - \$2,750.
 - \$3,250.
 - \$6,450.

ANSWER: b
POINTS: 1

Chapter 2

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

Chapter 2

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:
- total current assets.
 - total assets.
 - total long-term assets.
 - 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 | <u>135,000</u> | <u>105,000</u> |
| Gross profit | <u>\$ 35,000</u> | <u>\$ 25,000</u> |

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

Chapter 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

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-EMJT-COHU-YQDR-CA3D-OAMF-CCSU-QCB1-8YSS-GQBU-GOSS-ECDR-GYSS-KPJO-GCAU-1QB3-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

Chapter 2

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 ID: JFND-GO3A-EW4R-GTND

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-NQNBE

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

Letty's Laundry and Dry Cleaning began business by depositing \$30,000 in a checking

- 1 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 |

Chapter 2

- 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

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QUESTION ID: JFND-GO3A-EW4R-GTBU

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-NQNBE

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. | | | | | |

| | | | | | |
|------|--------|-------|--------|--------|-------------------------|
| 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 | <u>100</u> | |
| Total Expenses | | <u>3,100</u> |
| Net Income | | <u>\$ 9,900</u> |

| 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 | | <u>(3,000)</u> |
| Balances, October 31, 2016 | | <u>\$6,900</u> |

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

| |
|--------------------|
| 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 | | <u>62,000</u> |
| Cash as of October 31, 2016 | | <u>\$ 64,900</u> |

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

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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-EMMF-GO3G-NPBS-CO5S-RP5B-GASU-YPUN-CRSS-NCBW-GOSS-ECMR-GESU-E3UN-GHHD-ECBS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBE

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.
The statement of stockholders' equity reflects the net income and dividends paid and
- (2) shows how retained earnings in the balance sheet moves from the beginning balance to the ending balance.
The statement of cash flows explains how the cash balance in the balance sheet moves
- (3) from the beginning balance to the ending balance by looking at the cash effects of operating, investing, and financing activities.

POINTS: 1

Chapter 2

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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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJO-CW5G-C3JA-CRAG-EC5B-GASU-EQJT-CESS-NP5D-GOSS-EP5F-GWSU-YCB3-CFTD-OAJI-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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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QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJA-GAHU-NP5D-GR5D-YAMB-8YSU-RQDF-CR5S-G3DD-GOSU-QATT-CR5S-GATW-CA4G-RQMD-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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 ($\$6,000 + \$42,500 - \$3,750$)

Chapter 2

(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
QUESTION ID: JFND-GO3A-EW4R-GTNR
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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 10/12/2016 5:51 AM
QUESTION ID: JFND-GO3A-EW4R-GTBI
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ3-GW5U-N3JI-CFTD-QCTU-GESE-EQDD-CESU-RQJI-GOSS-RQBI-GHSU-ECBT-GB1G-RQB1-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

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 |

Chapter 2

| | |
|---|-----------|
| 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 | |
| | <u>130,000</u> | <u>70,000</u> | |
| Bal. 12/31/2016 | <u>340,000</u> | <u>110,000</u> | <u>230,000</u> |

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

| | |
|--|------------------|
| Stockholders' Equity ending balance | <u>\$360,000</u> |
| Stockholders' Equity beginning balance | <u>230,000</u> |
| Change - Net income | <u>\$130,000</u> |

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

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QUESTION ID: JFND-GO3A-EW4R-GTBZ

QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMJ1-CEHS-KQBO-GH4D-N3TO-GCSU-CCUR-CRSU-N3BZ-GOSU-R3MN-8RSU-CCJ1-GW3G-GPTS-E7JI-YT4D-JFNN-4OTI-GO4W-NQNBEE

Chapter 2

THE COCA-COLA COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

| December 31, | 2008 | 2007 |
|---|------------------|------------------|
| (In millions except par value) | | |
| 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:

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

ANSWER:

- 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.
- 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

Chapter 2

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
DATE CREATED: 7/19/2016 9:45 AM
DATE MODIFIED: 11/2/2016 6:18 AM
QUESTION ID: JFND-GO3A-EW4R-GTBS
QUESTION GLOBAL ID: GCID-E7BW-1TBP-CE4U-KPTI-8R4D-CQB1-GY5N-4A3W-COHN-4PTT-CE4N-4AUF-
CC5N-4PUG-CJ1U-RCJZ-GTDI-GWN8-EPRW-EMMR-GH5D-KCDD-GY5D-RQMG-
CASS-E3JI-CRSU-OAUR-GOSS-EAMN-CASU-KCDB-8YAD-OA5B-E7JI-YT4D-JFNN-
4OTI-GO4W-NQNBEE
PREFACE GLOBAL ID: GCID-e5a40e7f2dec-4409-83c4-7b80-129d061c