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| 1. There are more corporations than sole proprietorships and partnerships in the United States.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 2. The three main business activities are financing, operating, and investing.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-03-Business Forms United States - AL - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - GA - ACBSP-APC-03-Business Forms United States - HI - ACBSP-APC-03-Business Forms United States - IA - ACBSP-APC-03-Business Forms United States - ID - ACBSP-APC-03-Business Forms United States - IL - ACBSP-APC-03-Business Forms United States - IN - ACBSP-APC-03-Business Forms United States - KS - ACBSP-APC-03-Business Forms United States - KY - ACBSP-APC-03-Business Forms United States - LA - ACBSP-APC-03-Business Forms United States - MA - ACBSP-APC-03-Business Forms United States - MD - ACBSP-APC-03-Business Forms United States - ME - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NE - ACBSP-APC-03-Business Forms United States - NH - ACBSP-APC-03-Business Forms United States - NJ - ACBSP-APC-03-Business Forms United States - NM - ACBSP-APC-03-Business Forms United States - NV - ACBSP-APC-03-Business Forms United States - NY - ACBSP-APC-03-Business Forms United States - OH - ACBSP-APC-03-Business Forms United States - OK - ACBSP-APC-03-Business Forms United States - OR - ACBSP-APC-03-Business Forms United States - PA - ACBSP-APC-03-Business Forms United States - RI - ACBSP-APC-03-Business Forms United States - SC - ACBSP-APC-03-Business Forms United States - SD - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WY - ACBSP-APC-03-Business Forms United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 3. Internal users of accounting information include present creditors and management.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 4. The income statement summarizes the assets, liabilities and stockholders’ equity for a period of time.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - 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| 5. The four basic financial statements are the Income Statement, Statement of Retained Earnings, Balance Sheet, and Statement of Cash Flows.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - 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| 6. The amount of earnings distributed to stockholders can be found in the income statement as an expense.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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| 7. Stockholders' equity is composed of two main sources: liabilities and contributed capital.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - 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| 8. The first step in preparing the classified balance sheet is to list the assets in order of liquidity.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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| 9. The only financial statement that reports the retained earnings balance at the end of the period is the Statement of Retained Earnings.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - 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| 10. An income statement provides information at one specific point in time, while the other basic financial statements provide information on activities that occur over a period of time.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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| 11. When an entity's stock issuances exceed its expenses for a period of time, the entity will report net income.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - 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| 12. Contributed capital is the residual interest that remains after deducting liabilities from stockholders' equity.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 13. The four steps in preparing the Income Statement are: 1) Prepare heading, 2) List the revenues of the company, 3) List the expenses of the company, 4) List the dividends of the company.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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| 14. Stockholders equity is composed of contributed capital and retained earnings.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - 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| 15. The primary objective of internal auditors who are employees of the company is to provide assurance to the company’s stockholders that the financial statements are fairly presented.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 16. The independent auditor's report conveys whether or not the business is a good investment.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 17. The Statement of Cash Flows shows cash inflows and cash outflows for a period of time.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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| 18. Because the four financial statements are interrelated (i.e., there is a natural progression from one financial statement to another), the balance sheet should be prepared first.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - 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| 19. The company's annual report includes an audit report, notes to the financial statements, but **not** management's discussion and analysis.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 20. Investing is the business activity that measures the company’s ability to generate cash from its revenue and expense activities.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - AK - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - ME - ACBSP-APC-03-Business Forms United States - MD - ACBSP-APC-03-Business Forms United States - LA - ACBSP-APC-03-Business Forms United States - MA - ACBSP-APC-03-Business Forms United States - KY - ACBSP-APC-03-Business Forms United States - KS - ACBSP-APC-03-Business Forms United States - IN - ACBSP-APC-03-Business Forms United States - IL - ACBSP-APC-03-Business Forms United States - ID - ACBSP-APC-03-Business Forms United States - IA - ACBSP-APC-03-Business Forms United States - HI - ACBSP-APC-03-Business Forms United States - GA - ACBSP-APC-03-Business Forms United States - WY - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - SC - ACBSP-APC-03-Business Forms United States - SD - ACBSP-APC-03-Business Forms United States - RI - ACBSP-APC-03-Business Forms United States - PA - ACBSP-APC-03-Business Forms United States - OR - ACBSP-APC-03-Business Forms United States - OK - ACBSP-APC-03-Business Forms United States - NY - ACBSP-APC-03-Business Forms United States - OH - ACBSP-APC-03-Business Forms United States - NV - ACBSP-APC-03-Business Forms United States - NM - ACBSP-APC-03-Business Forms United States - NJ - ACBSP-APC-03-Business Forms United States - NH - ACBSP-APC-03-Business Forms United States - NE - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 21. The owners of a sole proprietorship, partnership and corporations have limited liability.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 22. The purpose of financial reporting is to provide economic information to investors, creditors, and other financial statement users.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 23. Creditors use accounting information to evaluate whether to loan money to a company.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 24. Current assets include all of the following: cash, inventory, equipment, supplies, and accounts receivable.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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| 25. Current liabilities are typically listed in the order in which they will be paid.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - 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| 26. Three common categories of long-term assets are: 1) property, plant, and equipment, 2) long-term investments, and 3) intangibles.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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| 27. In the stockholders' equity section of a classified balance sheet, a distinction is made between amounts invested by owners and amounts financed by creditors.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - 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| 28. One primary purpose of a classified balance sheet is to help users evaluate the working capital of a company.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 29. The classifications in the balance sheet are to help users determine how a company obtained its resources.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 30. The current ratio is useful in determining a company's ability to pay obligations when they become due.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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| 31. Income from operations includes interest revenue and interest expense because these items are considered to be operating in nature.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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| 32. Net loss reduces a company's retained earnings balance.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - 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| 33. Dividend payments appear on the Statement of Retained Earnings.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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| 34. The Statement of Cash Flows, like the Income Statement, reports only operating activities and other activities of a company.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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| 35. The ending cash balance is shown on the Balance Sheet and the Statement of Retained Earnings.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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| 36. The company's annual report is contained within the company's 10-K filing with the Securities Exchange Commission.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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| 37. Independent auditors (CPAs) render an opinion that the financial statements do or do not fairly present a company's financial position, operating results, and cash flows.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - 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| 38. An independent auditor's (CPA's) report is a guarantee that the financial statements are free from fraud or material error.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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| 39. In the independent auditors' report included with the annual report, management discusses the financial statements and provides the shareholders with explanations for certain amounts reported in the statements.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | False | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - 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| 40. A company with healthy cash flows from operating activities is in a good position to repay its debts.   |  |  |  | | --- | --- | --- | |  | a. | True | |  | b. | False |  |  |  | | --- | --- | | *ANSWER:* | True | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - 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| 41. External users and outside decision makers use \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ accounting.   |  |  | | --- | --- | | *ANSWER:* | financial | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 42. The three forms of business organizations are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | sole proprietorships, partnerships, corporations partnerships, corporations, sole proprieterships corporations, sole proprietorships, partnerships | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - AL - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - 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| 43. The type of business activity that relates to obtaining funds from either issuing stock or borrowing money is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | Financing | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - SD - ACBSP-APC-03-Business Forms United States - SC - ACBSP-APC-03-Business Forms United States - RI - ACBSP-APC-03-Business Forms United States - PA - ACBSP-APC-03-Business Forms United States - OR - ACBSP-APC-03-Business Forms United States - OK - ACBSP-APC-03-Business Forms United States - NY - ACBSP-APC-03-Business Forms United States - OH - ACBSP-APC-03-Business Forms United States - NV - ACBSP-APC-03-Business Forms United States - NM - ACBSP-APC-03-Business Forms United States - NJ - ACBSP-APC-03-Business Forms United States - NH - ACBSP-APC-03-Business Forms United States - NE - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - ME - ACBSP-APC-03-Business Forms United States - MD - ACBSP-APC-03-Business Forms United States - LA - ACBSP-APC-03-Business Forms United States - MA - ACBSP-APC-03-Business Forms United States - KY - ACBSP-APC-03-Business Forms United States - KS - ACBSP-APC-03-Business Forms United States - IN - ACBSP-APC-03-Business Forms United States - IL - ACBSP-APC-03-Business Forms United States - ID - ACBSP-APC-03-Business Forms United States - IA - ACBSP-APC-03-Business Forms United States - HI - ACBSP-APC-03-Business Forms United States - GA - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - AL - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - AK - ACBSP-APC-03-Business Forms United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 44. The names of the four basic financial statements are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_   |  |  | | --- | --- | | *ANSWER:* | Income Statement, Balance Sheet, Statement of Retained Earnings, Statement of Cash Flows Balance Sheet, Statement of Retained Earnings, Statement of Cash Flows, Income Statement Statement of Retained Earnings, Statement of Cash Flows, Income Statement, Balance Sheet Statement of Cash Flows, Income Statement, Balance Sheet, Statement of Retained Earnings | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - 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| 45. The fundamental accounting equation is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ = \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | assets, liabilities, shareholders' equity assets, shareholders' equity, liabilities | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - 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| 46. The step of listing the liabilities of the company in order of their time to maturity is performed for a financial statement called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | classified balance sheet | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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| 47. Current assets minus current liabilities is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | working capital | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - 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| 48. The financial statement in which you list revenues, starting with sales revenue (service revenue), is called the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | Income Statement | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 49. Both net income and dividends can be found on this financial statement: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | Statement of Retained Earnings | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - 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| 50. Net Income from the Income Statement increases \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | retained earnings | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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| 51. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ have claims to an entity's economic resources.   |  |  | | --- | --- | | *ANSWER:* | Creditors Lenders Investors Stockholders | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - 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| 52. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are cash and other assets that are reasonably expected to be converted into cash during the normal operating cycle, whichever is longer.   |  |  | | --- | --- | | *ANSWER:* | Current Assets | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 53. Property, plant and equipment is classified as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ assets on the balance sheet.   |  |  | | --- | --- | | *ANSWER:* | Noncurrent | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - 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WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 54. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is a liquidity measure that is calculated by subtracting current assets from current liabilities.   |  |  | | --- | --- | | *ANSWER:* | Working capital | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 55. The ability of a company to pay its debt as it comes due relates to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | liquidity | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - 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AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 56. In a(n) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_-step income statement, total expenses are added together, then deducted from total revenues.   |  |  | | --- | --- | | *ANSWER:* | single | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - 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| 57. The Statement of Cash Flows classifies cash flow into these three categories: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | Operating, Investing, Financing Investing, Financing, Operating Financing, Operating, Investing | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - 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NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 58. The three financial statements in which net income can be found are the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | Income Statement, Statement of Retained Earnings, Statement of Cash Flows  Statement of Retained Earnings, Statement of Cash Flows, Income Statement  Statement of Cash Flows, Income Statement, Statement of Retained Earnings | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - 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| 59. The demand for accounting information comes from stakeholders both inside and outside the business. The five stakeholder groups discussed in the text include \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | Managers Employees Investors Creditors Governments | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 60. The current ratio is found by dividing current assets by \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.   |  |  | | --- | --- | | *ANSWER:* | current liabilities | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - 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AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 61. Which one of the following is an internal user of financial information?   |  |  |  | | --- | --- | --- | |  | a. | company management | |  | b. | governments | |  | c. | creditors | |  | d. | investors |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 2 min. | |

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| 62. Which one of the following is **not** an external user of financial statements?   |  |  |  | | --- | --- | --- | |  | a. | Internal Revenue Service | |  | b. | creditors | |  | c. | stockholders | |  | d. | the Company's President |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 2 min. | |

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| 63. Which one of the following groups is considered an internal user of financial statements?   |  |  |  | | --- | --- | --- | |  | a. | A supplier considering selling to the company on credit. | |  | b. | The labor union representing employees of a company that is involved in labor negotiations | |  | c. | The financial analysts for a brokerage firm who are preparing recommendations for the firm's brokers on companies in a certain industry, | |  | d. | Managers of the company that supervise production workers. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 2 min. | |

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| 64. What is the name for a person who lends funds to a business entity and expects repayment with interest?   |  |  |  | | --- | --- | --- | |  | a. | creditor | |  | b. | owner | |  | c. | proprietor | |  | d. | stockholder |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 65. What is the name of the branch of accounting concerned with providing outside decision makers with information to assess the amounts, timing and uncertainties of the company's future cash flows?   |  |  |  | | --- | --- | --- | |  | a. | financial accounting | |  | b. | auditing | |  | c. | managerial accounting | |  | d. | bookkeeping |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 66. Which of the following invests funds into a business and is considered an owner?   |  |  |  | | --- | --- | --- | |  | a. | stockholders | |  | b. | creditors | |  | c. | bankers | |  | d. | lenders |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 67. Which of the following is **not** a form of a business entity?   |  |  |  | | --- | --- | --- | |  | a. | sole proprietorship | |  | b. | partnership | |  | c. | cooperative | |  | d. | corporation |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-03-Business Forms United States - AL - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - GA - ACBSP-APC-03-Business Forms United States - HI - ACBSP-APC-03-Business Forms United States - IA - ACBSP-APC-03-Business Forms United States - IL - ACBSP-APC-03-Business Forms United States - ID - ACBSP-APC-03-Business Forms United States - IN - ACBSP-APC-03-Business Forms United States - KS - ACBSP-APC-03-Business Forms United States - KY - ACBSP-APC-03-Business Forms United States - LA - ACBSP-APC-03-Business Forms United States - MD - ACBSP-APC-03-Business Forms United States - MA - ACBSP-APC-03-Business Forms United States - ME - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WY - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NE - ACBSP-APC-03-Business Forms United States - NH - ACBSP-APC-03-Business Forms United States - NM - ACBSP-APC-03-Business Forms United States - NJ - ACBSP-APC-03-Business Forms United States - NV - ACBSP-APC-03-Business Forms United States - NY - ACBSP-APC-03-Business Forms United States - OH - ACBSP-APC-03-Business Forms United States - OK - ACBSP-APC-03-Business Forms United States - OR - ACBSP-APC-03-Business Forms United States - PA - ACBSP-APC-03-Business Forms United States - RI - ACBSP-APC-03-Business Forms United States - SC - ACBSP-APC-03-Business Forms United States - SD - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 68. In which form of organization are the owners' legal responsibility for the debt of the business limited to the amount they invested in the business?   |  |  |  | | --- | --- | --- | |  | a. | cooperative | |  | b. | corporation | |  | c. | partnership | |  | d. | proprietorship |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - 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| 69. Businesses engage in which of the following three main activity categories?   |  |  |  | | --- | --- | --- | |  | a. | Financing, Investing, Operating | |  | b. | Cash, Credit, Noncash | |  | c. | Financing, Credit, Operating | |  | d. | Financing, Management, Operating |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - 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| 70. "Revenues" are best described as   |  |  |  | | --- | --- | --- | |  | a. | decreases in assets resulting from the sale of goods or services. | |  | b. | increases in assets resulting from the sale of products or services. | |  | c. | assets used or consumed in the sale of products or services. | |  | d. | an increase in the financing activities. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - 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| 71. What is unearned revenue?   |  |  |  | | --- | --- | --- | |  | a. | stockholders’ equity | |  | b. | liability | |  | c. | asset | |  | d. | revenue |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - WV - ACBSP-APC-03-Business Forms United States - WY - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - 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| 72. Which of the following best describes the term "expenses"?   |  |  |  | | --- | --- | --- | |  | a. | The cost of assets used in the investing activities of a business. | |  | b. | The amount of interest or claim that the owners have in the business. | |  | c. | The future economic resources of a business entity. | |  | d. | The cost of assets used in the operations of a business. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WV - ACBSP-APC-03-Business Forms United States - WY - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - 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NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 73. Which one of the following is **not** one of the three business activities?   |  |  |  | | --- | --- | --- | |  | a. | financing | |  | b. | operating | |  | c. | investing | |  | d. | measuring |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WA - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - WY - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NE - ACBSP-APC-03-Business Forms United States - NH - ACBSP-APC-03-Business Forms United States - NJ - ACBSP-APC-03-Business Forms United States - NM - ACBSP-APC-03-Business Forms United States - NV - ACBSP-APC-03-Business Forms United States - NY - ACBSP-APC-03-Business Forms United States - OH - ACBSP-APC-03-Business Forms United States - OK - ACBSP-APC-03-Business Forms United States - OR - ACBSP-APC-03-Business Forms United States - PA - ACBSP-APC-03-Business Forms United States - RI - ACBSP-APC-03-Business Forms United States - SC - ACBSP-APC-03-Business Forms United States - SD - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - AK - ACBSP-APC-03-Business Forms United States - AL - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - GA - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - HI - ACBSP-APC-03-Business Forms United States - IA - ACBSP-APC-03-Business Forms United States - ID - ACBSP-APC-03-Business Forms United States - IL - ACBSP-APC-03-Business Forms United States - IN - ACBSP-APC-03-Business Forms United States - KS - ACBSP-APC-03-Business Forms United States - KY - ACBSP-APC-03-Business Forms United States - LA - ACBSP-APC-03-Business Forms United States - MA - ACBSP-APC-03-Business Forms United States - MD - ACBSP-APC-03-Business Forms United States - ME - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - AK - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 74. You are a potential creditor and are concerned that a particular company you are ready to give a loan to might have too much debt. Which financial statement would provide you information needed in order to evaluate your concern?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet | |  | b. | Income Statement | |  | c. | Statement of Retained Earnings | |  | d. | Statement of Public Accounting |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 2 min. | |

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| 75. Which financial statement would you analyze to assess a firm’s operating performance for the past year?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet | |  | b. | Statement of Retained Earnings | |  | c. | Income Statement | |  | d. | Statement of Public Accounting |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - 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WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 76. Which financial statement would you refer to in order to determine how much resources (assets) the company owned?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet | |  | b. | Statement of Retained Earnings | |  | c. | Income Statement | |  | d. | Statement of Cash Flows |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - 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OK - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 77. Which one of the following financial statements show the end of the year cash balance for a business entity?   |  |  |  | | --- | --- | --- | |  | a. | Income Statement and Statement of Retained Earnings | |  | b. | Balance Sheet and Statement of Cash Flows | |  | c. | Statement of Retained Earnings and Statement of Cash Flows | |  | d. | Balance Sheet and Statement of Retained Earnings |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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| 78. On January 1, 2019, a company reported assets of $1,000,000 and liabilities of $600,000. During 2019, assets decreased by $100,000 and Stockholders' Equity decreased $200,000. What is the amount of liabilities at December 31, 2019?   |  |  |  | | --- | --- | --- | |  | a. | $200,000 | |  | b. | $500,000 | |  | c. | $600,000 | |  | d. | $700,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | |  | **Assets** |  | **Liabilities** |  | **Equity** | | Jan. 01, 2019 | $1,000,000 | = | $600,000 | + | $400,000 | | During 2019 | −100,000 | = | 100,000 | + | −200,000 | | Dec. 31, 2019 | 900,000 | = | 700,000 | + | 200,000 | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - 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| 79. Which one of the following correctly represents one of the basic financial statement models?   |  |  |  | | --- | --- | --- | |  | a. | Assets − Liabilities = Net Income | |  | b. | Assets + Liabilities = Total Assets | |  | c. | Revenues + Expenses = Net Income | |  | d. | Beginning Retained Earnings + Net Income − Dividends = Ending Retained Earnings |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - 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| 80. Which one of the following is a correct fundamental accounting equation?   |  |  |  | | --- | --- | --- | |  | a. | Assets + Liabilities = Stockholders' Equity | |  | b. | Assets + Retained Earnings = Stockholders' Equity | |  | c. | Assets + Stockholders' Equity = Liabilities | |  | d. | Assets = Liabilities + Stockholders' Equity |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - 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| 81. How is the Balance Sheet linked to the other financial statements?   |  |  |  | | --- | --- | --- | |  | a. | The amount of retained earnings is reported on the Balance Sheet as a liability. | |  | b. | Retained earnings is added to total assets and reported on the Balance Sheet. | |  | c. | Retained earnings is reported on the Balance Sheet. | |  | d. | There is no link between the Balance Sheet and other statements, as each contains different accounts and provides different information. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - 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| 82. Bennett Motors is facing the following business decisions.  Which decision will **least** likely require financial information?   |  |  |  | | --- | --- | --- | |  | a. | A local bank is reviewing the company’s loan application. | |  | b. | The company is attempting to sell its stock to the public. | |  | c. | The labor union representing the company's employees is negotiating a pay raise as part of a new labor agreement. | |  | d. | The company's management is deciding whether to detail its vehicles today or tomorrow. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - OK - 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| 83. Which of the following best describes the term "retained earnings" of a company?   |  |  |  | | --- | --- | --- | |  | a. | The amount of total profits earned by a company since it began operations. | |  | b. | The amount of claim that the owners have on the assets of the company. | |  | c. | The future economic resources of a company. | |  | d. | The accumulated net income of a company that has not been distributed to owners in the form of dividends. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - 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| 84. Which of the following best describes the term "current assets"?   |  |  |  | | --- | --- | --- | |  | a. | The amount of total profits earned by a business since it began operations plus all other resources. | |  | b. | The amount of claim that the owners have in the business in the current year. | |  | c. | Assets expected to be converted into cash within one year or one operating cycle, whichever is longer. | |  | d. | The cumulative profits earned by a business less any dividends distributed in the current period. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - 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| 85. Which one of the following items is a classification on the Classified Balance Sheet?   |  |  |  | | --- | --- | --- | |  | a. | operating accounts | |  | b. | stockholders' equity | |  | c. | revenues and expenses | |  | d. | net income and dividends |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - 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TN - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 3 min. | |

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| 86. Which of the following are Noncurrent assets?   |  |  |  | | --- | --- | --- | |  | a. | machinery and equipment | |  | b. | accounts receivable | |  | c. | inventories | |  | d. | unearned revenues |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - 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MS - AICPA FN-Measurement United States - MO - AICPA FN-Measurement United States - NC - AICPA FN-Measurement United States - MT - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 87. Which one of the following items appears on a balance sheet?   |  |  |  | | --- | --- | --- | |  | a. | service revenue | |  | b. | unearned revenue | |  | c. | dividends | |  | d. | cash flow from operations |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 88. Which one of the following financial statements reports an entity's financial position at a specific date?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet | |  | b. | Statement of Retained Earnings | |  | c. | Income Statement | |  | d. | Both the Income Statement and the Balance Sheet |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 89. Another term for Short-Term Investments is   |  |  |  | | --- | --- | --- | |  | a. | inventories. | |  | b. | accounts receivable. | |  | c. | contributed capital. | |  | d. | marketable securities. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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WI - ACBSP-APC-09-Financial Statement United States - WV - ACBSP-APC-09-Financial Statement United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - 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NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 90. Which of the following terms best describes a distribution of the net income of a corporation to its owners?   |  |  |  | | --- | --- | --- | |  | a. | retained earnings | |  | b. | dividends | |  | c. | liquidation of assets | |  | d. | monetary unit |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 91. Which of the following is the correct date format for the financial statement heading?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet for the Year Ended June 30, 2019 | |  | b. | Income Statement at December 31, 2019 | |  | c. | Income Statement for the Year Ended December 31, 2019 | |  | d. | Statement of Retained Earnings at December 31, 2019 |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-2 CS1-3 CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - 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| 92. Which statement summarizes the results of the company's operations?   |  |  |  | | --- | --- | --- | |  | a. | Statement of Cash Flows | |  | b. | Statement of Retained Earnings | |  | c. | Balance Sheet | |  | d. | Income Statement |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 93. The resources used to earn revenues during a period are called   |  |  |  | | --- | --- | --- | |  | a. | net income. | |  | b. | expenses. | |  | c. | revenues. | |  | d. | dividends. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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| **Bargain Spot Fabrics**  This company’s end-of-year balance sheet consisted of the following amounts:   |  |  |  |  | | --- | --- | --- | --- | | Cash | $   75,000 | Accounts Receivable | $250,000 | | Property, plant & equipment | 350,000 | Long-term debt | 200,000 | | Capital stock | 500,000 | Accounts payable | 100,000 | | Retained earnings | ? | Inventory | 175,000 | |

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| 94. Refer to Bargain Spot Fabrics. What amount should the company report on its Balance Sheet for *Total Assets*?   |  |  |  | | --- | --- | --- | |  | a. | $550,000 | |  | b. | $775,000 | |  | c. | $850,000 | |  | d. | $950,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | $75,000 + $250,000 + $350,000 + $175,000 = $850,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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| 95. Refer to Bargain Spot Fabrics. What is the retained earnings balance at the end of the current year?   |  |  |  | | --- | --- | --- | |  | a. | $50,000 | |  | b. | $550,000 | |  | c. | $800,000 | |  | d. | $850,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Assets = $75,000 + $350,000 + $250,000 + $175,000 = $850,000 Liabilities = $200,000 + $100,000 = $300,000 Stockholders' Equity = $850,000 − $300,000 = $550,000 Retained Earnings = $550,000 − $500,000 = $50,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - 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| **Bay Camera**  The company reported the following items on its financial statements for the year ended December 31, 2019:   |  |  |  |  | | --- | --- | --- | --- | | Sales | $780,000 | Cost of Sales | $700,000 | | Selling, general & administrative expense | 20,000 | Other Expense | 15,000 | | Dividends | 5,000 | Income Tax Expense | 12,500 | |

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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| 96. Refer to Bay Camera. What is the company’s *Net Income* for the current year?   |  |  |  | | --- | --- | --- | |  | a. | $22,500 | |  | b. | $32,500 | |  | c. | $42,500 | |  | d. | $80,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $780,000 − $700,000 − $20,000 − $15,000 − $12,500 = $32,500 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - 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| 97. Refer to Bay Camera. What amount will be reported as *Retained Earnings* on the Balance Sheet at December 31, 2019, assuming this is the first year of operations?   |  |  |  | | --- | --- | --- | |  | a. | $22,500 | |  | b. | $27,500 | |  | c. | $42,500 | |  | d. | Not enough information is provided. |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | |  |  | | --- | --- | | Net Income: | $780,000 − $700,000 − $20,000 − $15,000 − $12,500 = $32,500 | | Retained Earnings: | $32,500 − $5,000 = $27,500 | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - 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| **Beard Marine** The company reported the following information for the year ended December 31, 2019:   |  |  | | --- | --- | | Net income | $100,000 | | Dividends | 6,000 | | Retained earnings at December 31, 2019 | $120,000 | |

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| 98. Refer to Beard Marine. What was the balance of Retained Earnings at January 1, 2019?   |  |  |  | | --- | --- | --- | |  | a. | $  21,000 | |  | b. | $  26,000 | |  | c. | $106,000 | |  | d. | $214,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $120,000 + $6,000 − $100,000 = $26,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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| 99. Refer to Beard Marine. What was the economic effect of the dividend payment?   |  |  |  | | --- | --- | --- | |  | a. | The dividend reduced net income for 2019. | |  | b. | The dividend should be added to net income if the company's accounting equation is in balance. | |  | c. | The dividend reduced total retained earnings. | |  | d. | The dividends must be paid whenever the company reports net income. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - 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| 100. B&B Painting reported the following information for the year ended December 31, 2019.   |  |  | | --- | --- | | Revenues | $2,500,000 | | Expenses | 2,000,000 | | Retained Earnings at December 31, 2018 | 100,000 | | Retained Earnings at December 31, 2019 | 450,000 |   How much was paid out in dividends in 2019?   |  |  |  | | --- | --- | --- | |  | a. | $500,000 | |  | b. | $150,000 | |  | c. | $350,000 | |  | d. | $250,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $100,000 + $2,500,000 − $2,000,000 − X = $450,000 X = $150,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - 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| 101. Barr Attorneys reported the following information for the year ended December 31, 2019.   |  |  | | --- | --- | | Revenue | $14,000,000 | | Expenses | 11,500,000 | | Dividends | 1,000,000 | | Retained Earnings at December 31, 2019 | 1,750,000 |   What was the retained earnings balance at December 31, 2018?   |  |  |  | | --- | --- | --- | |  | a. | $   250,000 | |  | b. | $2,500,000 | |  | c. | $1,500,000 | |  | d. | $   350,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | X + $14,000,000 − $11,500,000 − $1,000,000 = $1,750,000 X = $250,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - 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| 102. A company had the following balance sheet amounts at the beginning of the year:   |  |  | | --- | --- | | Total assets | $650,000 | | Total stockholder's equity | 250,000 |   During the year, total assets increased by $350,000, total liabilities increased by $100,000, and dividends were paid in the amount of $300,000. No other transactions occurred except revenues and expenses. How much is net income for the year?   |  |  |  | | --- | --- | --- | |  | a. | $750,000 | |  | b. | $650,000 | |  | c. | $500,000 | |  | d. | $550,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | |  |  | | --- | --- | | Assets: | $650,000 + $350,000 = $1,000,000 | | Liabilities: | ($650,000 − $250,000) + $100,000 = $500,000 | | Stockholders' Equity at Year End: | $1,000,000 − $500,000 = $500,000 | | Net Income: | $500,000 − $250,000 + 300,000 = $550,000 | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - 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| 103. On January 1, 2019, a company's balance in retained earnings was $10,000,000. At December 31, 2019, the balance in retained earnings was $9,400,000. If the company earned net income of $440,000 during the year, how much were dividends?   |  |  |  | | --- | --- | --- | |  | a. | $1,040,000 | |  | b. | $1,000,000 | |  | c. | $   600,000 | |  | d. | $   440,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | $10,000,000 + $440,000 − $9,400,000 = $1,040,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - 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| 104. On January 1, 2019, a company's balance in retained earnings was $275,000. During 2019, the company earned net income of $23,500 and paid $11,200 in dividends. Calculate the retained earnings balance at December 31, 2019.   |  |  |  | | --- | --- | --- | |  | a. | $263,800 | |  | b. | $298,500 | |  | c. | $262,700 | |  | d. | $287,300 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | $275,000 + $23,500 − $11,200 = $287,300 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - 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| **Beaver Tree Service**   |  |  | | --- | --- | | Beginning Retained Earnings | $550,000 | | Ending Retained Earnings | 700,000 | | Dividends Paid | 100,000 | | Revenue | 525,000 | |

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| 105. Refer to Beaver Tree Service. What is the company’s net income?   |  |  |  | | --- | --- | --- | |  | a. | $150,000 | |  | b. | $250,000 | |  | c. | $300,000 | |  | d. | $350,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $550,000 + X − $100,000 = $700,000 X = $250,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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| 106. Refer to Beaver Tree Service. The company's expenses are:   |  |  |  | | --- | --- | --- | |  | a. | $100,000 | |  | b. | $150,000 | |  | c. | $450,000 | |  | d. | $275,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | $550,000 + X − $100,000 = $700,000 X = $250,000 or Net Income $525,000 (Revenue) − $250,000 (Net Income) = $275,000 (Expenses) | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - 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| 107. If a company has $10,500,000 of revenues, declares and pays $550,000 in dividends, and has net income of $1,600,000, how much were expenses for the year?   |  |  |  | | --- | --- | --- | |  | a. | $9,950,000 | |  | b. | $1,050,000 | |  | c. | $2,150,000 | |  | d. | $8,900,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | $10,500,000 (Revenues) − $1,600,000 (Net Income) = $8,900,000 (Expenses) | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - 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| 108. Suppose a company reports the following information at December 31, 2019:   |  |  | | --- | --- | | Sales | $15,000,000 | | Cash | $  3,000,000 | | Unearned Revenue | $     400,000 | | Dividends | $  1,000,000 | | Cost of Sales | $  8,500,000 |   What is the company's Gross Profit?   |  |  |  | | --- | --- | --- | |  | a. | $  6,100,000 | |  | b. | $  5,500,000 | |  | c. | $  6,500,000 | |  | d. | $12,000,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | $15,000,000 (Sales) − $8,500,000 (Cost of Sales) = $6,500,000 (Gross Profit) | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - 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| 109. If a company has assets of $5,000,000, liabilities of $3,000,000, and retained earnings of $1,200,000, how much is total stockholders' equity?   |  |  |  | | --- | --- | --- | |  | a. | $   800,000 | |  | b. | $2,000,000 | |  | c. | $3,800,000 | |  | d. | $1,800,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $5,000,000 (Assets) − $3,000,000 (Liabilities) = $2,000,000 (Stockholders' Equity) | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - 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| 110. Calculate total sales for a company that reported a net loss of $1,500,000 and total expenses of $2,900,000.   |  |  |  | | --- | --- | --- | |  | a. | $4,400,000 | |  | b. | $1,400,000 | |  | c. | $2,400,000 | |  | d. | $1,600,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $2,900,000 Total Expenses + ($1,500,000) Net Loss = $1,400,000 Total Revenues | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - 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| 111. What is the primary objective of financial reporting?   |  |  |  | | --- | --- | --- | |  | a. | To help investors make credit decisions. | |  | b. | To help management assess cash flows. | |  | c. | To protect users from fraudulent financial information. | |  | d. | To provide useful information for decision making. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 112. "Economic resources" are known as   |  |  |  | | --- | --- | --- | |  | a. | assets. | |  | b. | liabilities and stockholders' equity. | |  | c. | owners' equity and stockholders' equity. | |  | d. | retained earnings and revenues. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 113. External users of financial information   |  |  |  | | --- | --- | --- | |  | a. | need detailed records of the business to make informed decisions. | |  | b. | are primarily responsible for the preparation of financial statements. | |  | c. | rely on the financial statements to help make informed decisions. | |  | d. | rely on management to tell them whether the company is a good investment. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 114. Net Income appears on which financial statement(s)?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet only | |  | b. | Income Statement only | |  | c. | Both the Balance Sheet and the Income Statement | |  | d. | The Income Statement, Statement of Cash Flows and the Statement of Retained Earnings |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - 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VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| **Benchmark Surveyors**  The following balances are provided:   |  |  |  |  | | --- | --- | --- | --- | | Cash | $234,000 | Accounts Payable | $  97,000 | | Inventories | 121,000 | Notes Payable (due 2018) | 211,000 | | Land | 453,000 | Accounts Receivable | 46,000 | |

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| 115. Refer to Benchmark Surveyors. Calculate Current Assets.   |  |  |  | | --- | --- | --- | |  | a. | $498,000 | |  | b. | $401,000 | |  | c. | $854,000 | |  | d. | $709,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | ($234,000 Cash + $46,000 Accounts Receivable + $121,000 Inventory = $401,000) | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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| 116. Refer to Benchmark Surveyors. Calculate Current Liabilities.   |  |  |  | | --- | --- | --- | |  | a. | $  97,000 | |  | b. | $211,000 | |  | c. | $354,000 | |  | d. | $143,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | ($97,000 Accounts Payable) | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - WY - ACBSP-APC-09-Financial Statement United States - WV - ACBSP-APC-09-Financial Statement United States - WI - ACBSP-APC-09-Financial Statement United States - WA - ACBSP-APC-09-Financial Statement United States - VT - ACBSP-APC-09-Financial Statement United States - UT - ACBSP-APC-09-Financial Statement United States - VA - ACBSP-APC-09-Financial Statement United States - TX - ACBSP-APC-09-Financial Statement United States - TN - ACBSP-APC-09-Financial Statement United States - SD - ACBSP-APC-09-Financial Statement United States - SC - ACBSP-APC-09-Financial Statement United States - RI - ACBSP-APC-09-Financial Statement United States - 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FL - AICPA FN-Measurement United States - GA - AICPA FN-Measurement United States - HI - AICPA FN-Measurement United States - AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 1 min. | |

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| 117. Which one of the following items is reported as a current stockholders' equity on a classified balance sheet?   |  |  |  | | --- | --- | --- | |  | a. | Net Income | |  | b. | Accounts Payable | |  | c. | Land | |  | d. | Common Stock |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - WY - ACBSP-APC-09-Financial Statement United States - OR - ACBSP-APC-09-Financial Statement United States - PA - ACBSP-APC-09-Financial Statement United States - RI - ACBSP-APC-09-Financial Statement United States - SD - ACBSP-APC-09-Financial Statement United States - SC - ACBSP-APC-09-Financial Statement United States - TN - ACBSP-APC-09-Financial Statement United States - TX - ACBSP-APC-09-Financial Statement United States - UT - ACBSP-APC-09-Financial Statement United States - VA - ACBSP-APC-09-Financial Statement United States - WA - ACBSP-APC-09-Financial Statement United States - VT - ACBSP-APC-09-Financial Statement United States - WI - ACBSP-APC-09-Financial Statement United States - WV - ACBSP-APC-09-Financial Statement United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - 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NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 118. Barnes Restaurant reports the following amounts:   |  |  |  |  | | --- | --- | --- | --- | | Cash | $125,000 | Inventory | $215,000 | | Land | 275,000 | Unearned Revenue | 117,000 | | Equipment | 350,000 | Common Stock | 300,000 |   Calculate Current Assets.   |  |  |  | | --- | --- | --- | |  | a. | $457,000 | |  | b. | $615,000 | |  | c. | $125,000 | |  | d. | $340,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | $125,000 Cash + $215,000 Inventory = $340,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - 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OK - AICPA FN-Measurement United States - NY - AICPA FN-Measurement United States - NV - AICPA FN-Measurement United States - NM - AICPA FN-Measurement United States - NH - AICPA FN-Measurement United States - NJ - AICPA FN-Measurement United States - ND - AICPA FN-Measurement United States - NE - AICPA FN-Measurement United States - AK - AICPA FN-Measurement United States - AL - AICPA FN-Measurement United States - HI - AICPA FN-Measurement United States - GA - AICPA FN-Measurement United States - FL - AICPA FN-Measurement United States - DE - AICPA FN-Measurement United States - CT - AICPA FN-Measurement United States - CO - AICPA FN-Measurement United States - CA - AICPA FN-Measurement United States - AR - AICPA FN-Measurement United States - AZ - AICPA FN-Measurement United States - NC - AICPA FN-Measurement United States - MT - AICPA FN-Measurement United States - MO - AICPA FN-Measurement United States - MS - AICPA FN-Measurement United States - MI - AICPA FN-Measurement United States - MN - AICPA FN-Measurement United States - MD - AICPA FN-Measurement United States - ME - AICPA FN-Measurement United States - MA - AICPA FN-Measurement United States - LA - AICPA FN-Measurement United States - KS - AICPA FN-Measurement United States - KY - AICPA FN-Measurement United States - IL - AICPA FN-Measurement United States - IN - AICPA FN-Measurement United States - IA - AICPA FN-Measurement United States - ID - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Analysis | | *NOTES:* | 2 min. | |

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| 119. Which of the following accounts are normally reported as current liabilities on a classified balance sheet?   |  |  |  | | --- | --- | --- | |  | a. | Accounts Payable and Prepaid Insurance | |  | b. | Interest Payable and Interest Receivable | |  | c. | Income Taxes Payable and Salaries Payable | |  | d. | Capital Stock and Accounts Payable |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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| 120. Which one of the following is **not** a major category for long-term assets?   |  |  |  | | --- | --- | --- | |  | a. | intangibles | |  | b. | property, plant, and equipment | |  | c. | inventory | |  | d. | long-term investments |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - 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| 121. Which of the following would **not** be considered to be an intangible asset?   |  |  |  | | --- | --- | --- | |  | a. | franchises | |  | b. | copyrights | |  | c. | investments | |  | d. | trademarks |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - 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| 122. If assets are expected to be realized in cash, sold, or consumed within the normal operating cycle of a business or within one year (if the operating cycle is shorter than one year), how are they reported on a classified balance sheet?   |  |  |  | | --- | --- | --- | |  | a. | property, plant, and equipment | |  | b. | current assets | |  | c. | intangible assets | |  | d. | current liabilities |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - 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| 123. Which set of items below are current assets?   |  |  |  | | --- | --- | --- | |  | a. | Accounts Receivable, Net Income, Inventory, and Dividends | |  | b. | Cash, Accounts Receivable, Capital Stock, and Sales | |  | c. | Net Income, Cash, Office Supplies, and Inventory | |  | d. | Cash, Accounts Receivable, Inventory, and Office Supplies |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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| 124. A non-classified balance sheet typically does **not** have a distinction between which of the following items?   |  |  |  | | --- | --- | --- | |  | a. | assets and liabilities | |  | b. | current and noncurrent items | |  | c. | liabilities and stockholders' equity | |  | d. | Resources invested by the owners and amounts borrowed from creditors. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - 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| 125. For the most recent year, a company's current ratio was significantly lower than its industry average. What is the **best** possible explanation for this situation?   |  |  |  | | --- | --- | --- | |  | a. | The company’s competitors were profitable. | |  | b. | The company’s liquidity has improved. | |  | c. | The company has less equity than the rest of the industry. | |  | d. | The company’s liquidity is worse than the rest of the industry. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - 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| **Bass Tours**  The following balances were taken from the company’s records:   |  |  |  |  | | --- | --- | --- | --- | | Inventory | $380,000 | Accounts Receivable | $190,000 | | Land | 290,000 | Accounts Payable | 180,000 | | Cash | 129,000 | Unearned Revenue | 110,000 | | Prepaid Rent | 33,000 | Common Stock | 312,000 | | Retained Earnings | 220,000 | Long-term Notes Payable | 200,000 | |

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| 126. Refer to Bass Tours. Calculate the total current assets.   |  |  |  | | --- | --- | --- | |  | a. | $   842,000 | |  | b. | $1,022,000 | |  | c. | $   732,000 | |  | d. | $   842,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | $129,000 Cash + $190,000 Accounts Receivable + $380,000 Inventory + $33,000 Prepaid Rent = $732,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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| 127. Refer to Bass Tours. Calculate the current ratio.   |  |  |  | | --- | --- | --- | |  | a. | 3.00 to 1 | |  | b. | 2.75 to 1 | |  | c. | 2.52 to 1 | |  | d. | 2.10 to 1 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | ($129,000 Cash + $190,000 Accounts Receivable + $380,000 Inventory + $33,000 Prepaid Rent) / ($180,000 Accounts Payable + $110,000 Unearned Revenue) = 2.52 to 1 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - 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PA - AICPA FN-Measurement United States - OR - AICPA FN-Measurement United States - OH - AICPA FN-Measurement United States - OK - AICPA FN-Measurement United States - NY - AICPA FN-Measurement United States - NV - AICPA FN-Measurement United States - NM - AICPA FN-Measurement United States - NJ - AICPA FN-Measurement United States - NH - AICPA FN-Measurement United States - NE - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 3 min. | |

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| 128. Refer to Bass Tours. If the average current ratio for similar companies is 2 to 1, what does this tell you about this company’s liquidity?   |  |  |  | | --- | --- | --- | |  | a. | The company is more liquid than its competitors. | |  | b. | The company has more long-term assets than its competitors. | |  | c. | The company is bankrupt. | |  | d. | The company is more profitable than its competitors. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - 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SD - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Analysis | | *NOTES:* | 2 min. | |

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| 129. If a company has current assets of $2,100,000 and current liabilities of $500,000, calculate its working capital.   |  |  |  | | --- | --- | --- | |  | a. | $2,100,000 | |  | b. | $2,600,000 | |  | c. | $1,600,000 | |  | d. | $   500,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | $2,100,000 current assets − $500,000 current liabilities = $1,600,000. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - 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SD - AICPA FN-Measurement United States - TN - AICPA FN-Measurement United States - TX - AICPA FN-Measurement United States - VA - AICPA FN-Measurement United States - UT - AICPA FN-Measurement United States - WA - AICPA FN-Measurement United States - VT - AICPA FN-Measurement United States - WV - AICPA FN-Measurement United States - WI - AICPA FN-Measurement United States - WY - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 1 min. | |

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| 130. Working capital is calculated by which of the following?   |  |  |  | | --- | --- | --- | |  | a. | Current assets divided by current liabilities. | |  | b. | Total assets minus total liabilities. | |  | c. | Current assets minus current liabilities. | |  | d. | Current assets plus current liabilities. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - 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SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 131. A company has current assets of $100,000, total assets of $250,000, current liabilities of $20,000, and long-term liabilities of $50,000. How much of its existing cash can the company use to acquire equipment without allowing its current ratio to decline below 2 to 1?   |  |  |  | | --- | --- | --- | |  | a. | $  40,000 | |  | b. | $150,000 | |  | c. | $180,000 | |  | d. | $  60,000 |  |  |  | | --- | --- | | *ANSWER:* | d | | *RATIONALE:* | $40,000 / 20,000 = 2.0 to 1 $100,000 total assets − $40,000 = $60,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - 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PA - AICPA FN-Measurement United States - OR - AICPA FN-Measurement United States - OH - AICPA FN-Measurement United States - OK - AICPA FN-Measurement United States - NY - AICPA FN-Measurement United States - NV - AICPA FN-Measurement United States - NM - AICPA FN-Measurement United States - NJ - AICPA FN-Measurement United States - NH - AICPA FN-Measurement United States - NE - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 4 min. | |

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| 132. A company increased its dollar amount of working capital over the past several years. Which one of the following measures should be used to further evaluate the company’s short-run liquidity?   |  |  |  | | --- | --- | --- | |  | a. | The Asset Ratio | |  | b. | An analysis of the company's long-term debt | |  | c. | An analysis of the return on stockholders' equity | |  | d. | The Current Ratio |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - 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PA - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 133. Which financial statement reports information helpful in assessing working capital?   |  |  |  | | --- | --- | --- | |  | a. | Balance Sheet | |  | b. | Income Statement | |  | c. | Statement of Retained Earnings | |  | d. | Statement of Cash Flows |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 134. Barrett Oil Company reported the following balances as of December 31, 2019:   |  |  |  |  | | --- | --- | --- | --- | | Accounts Receivable | $125,000 | Unearned Revenue | $     5,000 | | Cash | 150,000 | Notes Payable (due in 6 months) | 115,000 | | Land | 200,000 | Accounts Payable | 70,000 | | Building | 400,000 | Equipment | 165,000 | | Inventories | 105,000 | Notes Payable (due 07/01/2026) | 600,000 |   What is the company’s current ratio?   |  |  |  | | --- | --- | --- | |  | a. | 0.48 to 1 | |  | b. | 2.00 to 1 | |  | c. | 2.55 to 1 | |  | d. | 2.86 to 1 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | ($125,000 Accounts Receivable + $150,000 Cash + $105,000 Inventories) / ($70,000 Accounts Payable + $5,000 Unearned Revenue + $115,000 Notes Payable--due 6 months) = 2.00 to 1 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - 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| 135. If the current ratio is 2 to 1 and current assets equal $200,000, how much is working capital?   |  |  |  | | --- | --- | --- | |  | a. | $0 | |  | b. | $100,000 | |  | c. | $200,000 | |  | d. | $300,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $200,000 current assets / 2 = $100,000 in current liabilities. $200,000 current assets - $100,000 current liabilities = $100,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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RI - AICPA FN-Measurement United States - PA - AICPA FN-Measurement United States - OR - AICPA FN-Measurement United States - OH - AICPA FN-Measurement United States - OK - AICPA FN-Measurement United States - NY - AICPA FN-Measurement United States - NV - AICPA FN-Measurement United States - NM - AICPA FN-Measurement United States - NJ - AICPA FN-Measurement United States - NH - AICPA FN-Measurement United States - NE - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 3 min. | |

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| 136. For which of the following is the working capital and current ratio is most useful?   |  |  |  | | --- | --- | --- | |  | a. | In evaluating a company's liquidity. | |  | b. | In evaluating a company's solvency. | |  | c. | In evaluating a company's profitability. | |  | d. | In evaluating a company's revenues. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - 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| 137. Liquidity   |  |  |  | | --- | --- | --- | |  | a. | measures the ability of the firm to pay financial obligations as they become due. | |  | b. | can be measured in terms of working capital. | |  | c. | can be assessed by the current ratio. | |  | d. | All of the above. |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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| 138. Which of the following would appear on an income statement?   |  |  |  | | --- | --- | --- | |  | a. | unearned revenue | |  | b. | cost of sales | |  | c. | retained earnings | |  | d. | dividends |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - 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OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 139. The Income Statement shows   |  |  |  | | --- | --- | --- | |  | a. | how much profit the company has earned since it began operations. | |  | b. | net income equal to the amount of cash on the Balance Sheet. | |  | c. | a summary of the results of operations for a period of time. | |  | d. | the liquidity of the company on an annual basis. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - 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| 140. Which of the following items would not be reported on a multiple-step income statement after income from operations?   |  |  |  | | --- | --- | --- | |  | a. | income taxes | |  | b. | interest income | |  | c. | selling expenses | |  | d. | interest expense |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 141. A question frequently asked by investors is, "How much debt does this company have?" Which financial statement answers this question?   |  |  |  | | --- | --- | --- | |  | a. | single step income statement | |  | b. | cash flow statement | |  | c. | multiple-step income statement | |  | d. | classified balance sheet |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - 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VT - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 142. On a multiple-step income statement, operating income results from subtracting total operating expenses from which of the following amounts?   |  |  |  | | --- | --- | --- | |  | a. | gross margin | |  | b. | cost of goods sold | |  | c. | income before taxes | |  | d. | net sales |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - 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OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 143. The list below contains several items that appear on a multiple-step income statement.   |  |  | | --- | --- | | 1. | other income and expense | | 2. | income before income taxes | | 3. | net income | | 4. | operating expenses | | 5. | gross margin | | 6. | net sales | | 7. | income from operations |   Select the choice that lists the items in the order they would appear on a multiple-step income statement.   |  |  |  | | --- | --- | --- | |  | a. | 6, 5, 4, 7, 1, 2, 3 | |  | b. | 7, 6, 1, 4, 2, 3, 5 | |  | c. | 6, 5, 4, 1, 7, 2, 3 | |  | d. | 6, 7, 4, 1, 2, 3, 5 |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - 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| **Bellweather Times**  The company reports the following balances:   |  |  |  |  | | --- | --- | --- | --- | | Other Revenue | $180,000 | General and Administrative Expense | $320,000 | | Dividends paid | $220,000 | Operating Revenues | $700,000 | | Selling Expenses | $280,000 | Income Tax Expense | $60,000 | |

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| 144. Refer to Bellweather Times. What is the company's income from operations?   |  |  |  | | --- | --- | --- | |  | a. | $280,000 | |  | b. | $220,000 | |  | c. | $100,000 | |  | d. | $40,000 |  |  |  | | --- | --- | | *ANSWER:* | c | | *RATIONALE:* | $700,000 Operating Revenues − $320,000 General & Administrative Expenses − $280,000 Selling Expenses = $100,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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| 145. Refer to Bellweather Times. What is the company’s Net Income?   |  |  |  | | --- | --- | --- | |  | a. | $280,000 | |  | b. | $220,000 | |  | c. | $100,000 | |  | d. | $40,000 |  |  |  | | --- | --- | | *ANSWER:* | b | | *RATIONALE:* | $700,000 Operating Revenues − $320,000 General & Administrative Expenses − $280,000 Selling Expenses = $100,000 + $180,000 Other Revenues (Expenses) − $60,000 Income Taxes = $220,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - 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| 146. Refer to Bellweather Times. By what amount will net income on a single-step income statement differ from net income on a multiple-step income statement if the company prepares both formats?   |  |  |  | | --- | --- | --- | |  | a. | $0 | |  | b. | $2,000 | |  | c. | $6,000 | |  | d. | $8,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - 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OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 1 min. | |

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| 147. The Earnings Per Share measure appears on which of the following financial statements?   |  |  |  | | --- | --- | --- | |  | a. | Statement of Cash Flows | |  | b. | Retained Earnings Statement | |  | c. | Income Statement | |  | d. | Balance Sheet |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NV - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NM - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NJ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NH - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NE - ACBSP-APC-23-Financial Statement - 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| 148. A company reported the following income statement amounts:   |  |  |  | | --- | --- | --- | |  | **2019** | **2018** | | Sales revenues | $950,000 | $800,000 | | Operating expenses | $700,000 | $550,000 | | Income taxes | $100,000 | 100,000 |   Which of the following best describes the company’s performance?   |  |  |  | | --- | --- | --- | |  | a. | The company’s operating profit as a percentage of operating revenues decreased. | |  | b. | The company has become more profitable. | |  | c. | The increase in operating revenues increased the company's net income. | |  | d. | The operating expenses as a percentage of operating revenues remained the same. |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | Operating profit / revenue: 2018: ($800,000 - $550,000) / $800,000 = 0.31  2019: ($950,000 - $700,000) / $950,000 = 0.26 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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NM - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NV - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - NY - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - OH - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - OK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - OR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - PA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - RI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - SC - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - SD - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - TN - ACBSP-APC-23-Financial Statement - 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| 149. Which one of the following equations represents the Statement of Retained Earnings activity?   |  |  |  | | --- | --- | --- | |  | a. | Beginning retained earnings + net income + dividends = ending retained earnings | |  | b. | Beginning retained earnings + cash inflows − cash outflows = ending retained earnings | |  | c. | Beginning retained earnings + dividends − net income = ending retained earnings | |  | d. | Beginning retained earnings + net income − dividends = ending retained earnings |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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| **Been There Used Furniture**  ​  Been There Used Furniture began operation on January 1, 2019, with an initial investment of $100,000 from each of its five stockholders. During the year, the company had net income of $200,000 and paid dividends of $50,000. |

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| 150. Refer to Been There Used Furniture.  Calculate the retained earnings balance at December 31, 2019.   |  |  |  | | --- | --- | --- | |  | a. | $150,000 | |  | b. | $200,000 | |  | c. | $500,000 | |  | d. | $650,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | $ -0- Beginning Balance + $200,000 Net Income − 50,000 Dividends = $150,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - 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| 151. Refer to Been There Used Furniture. The dividends for the year   |  |  |  | | --- | --- | --- | |  | a. | increase the amount of capital stock reported by the company. | |  | b. | are part of the company's operating expense. | |  | c. | are reported on the Statement of Retained Earnings. | |  | d. | are reported on the Income Statement. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - 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OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 152. Refer to Been There Used Furniture. If the company’s revenues were $500,000 for the year ended December 31, 2019, how much were total expenses?   |  |  |  | | --- | --- | --- | |  | a. | $300,000 | |  | b. | $250,000 | |  | c. | $350,000 | |  | d. | $800,000 |  |  |  | | --- | --- | | *ANSWER:* | a | | *RATIONALE:* | $500,000 Revenues − $200,000 Net Income = $300,000 | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - 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LA - AICPA FN-Measurement United States - KS - AICPA FN-Measurement United States - KY - AICPA FN-Measurement United States - IL - AICPA FN-Measurement United States - IN - AICPA FN-Measurement United States - ID - AICPA FN-Measurement United States - IA - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 2 min. | |

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| 153. Which one of the following is **not** one of the activities on the Statement of Cash Flows?   |  |  |  | | --- | --- | --- | |  | a. | operating activities | |  | b. | investing activities | |  | c. | business activities | |  | d. | financing activities |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 154. Which of the following best describes a company's operating activities?   |  |  |  | | --- | --- | --- | |  | a. | Operating activities are cash flows directly related to earning income. | |  | b. | Operating activities are necessary to provide the money to start a business. | |  | c. | Operating activities are needed to provide the valuable assets required to run a business. | |  | d. | Operating activities represent the right to receive a benefit in the future. |  |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - 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| 155. As used in accounting, the "Notes to the Financial Statements" should be   |  |  |  | | --- | --- | --- | |  | a. | shown at the bottom of the Income Statement. | |  | b. | excluded, as they are not an integral part of the financial statements. | |  | c. | included as an integral part of the financial statements. | |  | d. | considered an optional part of the financial statements. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - 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| 156. Which of the following items will be found in a corporate annual report?   |  |  |  | | --- | --- | --- | |  | a. | industry standards | |  | b. | notes to the financial statements | |  | c. | selected financial data from non-competitor companies | |  | d. | management’s statement that the auditors are responsible for the financial statements. |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - 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OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - OR - ACBSP-APC-09-Financial Statement United States - PA - ACBSP-APC-09-Financial Statement United States - RI - ACBSP-APC-09-Financial Statement United States - SC - ACBSP-APC-09-Financial Statement United States - SD - ACBSP-APC-09-Financial Statement United States - TN - ACBSP-APC-09-Financial Statement United States - TX - ACBSP-APC-09-Financial Statement United States - UT - ACBSP-APC-09-Financial Statement United States - VA - ACBSP-APC-09-Financial Statement United States - 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NY - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 157. Which one of the following items is **least** likely to be found in a corporate annual report?   |  |  |  | | --- | --- | --- | |  | a. | Notes to the Financial Statements | |  | b. | Internal Budget Reports | |  | c. | Report of the Independent Accountants | |  | d. | Management's Discussion and Analysis |  |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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SC - ACBSP-APC-09-Financial Statement United States - RI - ACBSP-APC-09-Financial Statement United States - PA - ACBSP-APC-09-Financial Statement United States - OR - ACBSP-APC-09-Financial Statement United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 158. Management's Discussion and Analysis   |  |  |  | | --- | --- | --- | |  | a. | is a report of the independent accountants. | |  | b. | can be a substituted for the notes to the financial statements. | |  | c. | provides a discussion and explanation of various items reported in the financial statements. | |  | d. | provides assurances that the auditors are responsible for the financial statements. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - 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OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 159. In which section of the annual report would you find: "The financial statements, in our opinion, present fairly the financial position, results of operations, and cash flows, in conformity with U.S. generally accepted accounting principles"?   |  |  |  | | --- | --- | --- | |  | a. | Management report | |  | b. | Notes to the Financial Statements | |  | c. | Management's Discussion and Analysis | |  | d. | Report of the Independent Accountants |  |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - 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RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 160. Which of the following represents one of the purposes of the Auditor's Report?   |  |  |  | | --- | --- | --- | |  | a. | To provide a place for management to justify questionable items in the statements. | |  | b. | To provide comparative ratios for the company's financial data | |  | c. | To provide the CPA's opinion of the fairness of the financial statements. | |  | d. | To satisfy the need for full disclosure of all the facts relevant to a company's results and financial position. |  |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - 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| **Backus Tractor Sales** The accountant prepared the following list of account balances from the company's records for the year ended December 31, 2019.   |  |  |  |  | | --- | --- | --- | --- | | Sales Revenue | $1,650,000 | Cash | $300,000 | | Accounts Receivable | 140,000 | Selling Expenses | 440,000 | | Equipment | 420,000 | Common Stock | 170,000 | | Accounts Payable | 120,000 | Interest Income | 30,000 | | Salaries & Wages Expense | 400,000 | Cost of Sales | 510,000 | | Inventories | 220,000 | Prepaid Expenses | 20,000 | | Income Taxes Payable | 50,000 | Income Taxes Expense | 180,000 | | Notes Payable, due 6/30/2021 | 200,000 | Retained Earnings | ? | |

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| 161. Determine the following amounts for Backus Tractor Sales.   |  |  | | --- | --- | | A) | Current Assets at the end of 2019 | |  | Total Assets at the end of 2019 | |  |  | | B) | Current Liabilities at the end of 2019 | |  |  | | C) | What parties have a claim on the company's assets? Explain your answer in the terms of the accounting equation. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | Current Assets = $680,000 | |  | ($300,000 Cash + $140,000 Accounts Receivable + $220,000 Inventories + 20,000 Prepaid Expenses = $680,000) | |  |  | |  | Total Assets = $1,100,000 | |  | ($300,000 Cash + $140,000 Accounts Receivable + $220,000 Inventories + $20,000 Prepaid Expenses + $420,000 Equipment) | |  |  | | B) | Current Liabilities = $370,000 | |  | ($120,000 Accounts Payable + $50,000 Income Taxes Payable + $200,000 Notes Payable = $370,000) | |  |  | | C) | Both the creditors and the owners have a claim on the assets of the corporation. The creditors have their claim arising from the liabilities of the corporation, while the owners have a claim through the stockholders' equity. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - 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ND - AICPA FN-Measurement United States - NC - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| 162. Determine the following amounts for Backus Tractor Sales:   |  |  | | --- | --- | | A) | The balance of Retained Earnings at the end of 2019. | |  |  | | B) | The total stockholders' equity at the end of 2019. | |  |  | | C) | Name the two events that might cause stockholders' equity to increase. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $560,000 | |  | ($1,100,000 Total Assets − $370,000 Total Liabilities − $170,000 Common Stock = $560,000) | |  |  | | B) | $730,000 | |  | ($1,100,000 Total Assets − $370,000 Total Liabilities = $730,000) | |  | OR | |  | ($170,000 Common Stock + $560,000 Retained Earnings = $730,000) | |  |  | | C) | Stockholders' Equity can increase when common stock is issued to investors. It also can increase through increases to retained earnings or the net income of the business is greater than any dividends paid to the shareholders. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - 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AR - AICPA FN-Measurement United States - AZ - AICPA FN-Measurement United States - AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 20 min. | |

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| 163. Determine the following amounts for Backus Tractor Sales:   |  |  | | --- | --- | | A) | The total revenues for 2019. | |  |  | | B) | The total expenses for 2019. | |  |  | | C) | What is the purpose of the Income Statement? | |  |  | | D) | Is this company profitable? Explain your answer. | |  |  | | E) | Is this the first year of operations for this company? Explain your answer. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $1,680,000 | |  | ($1,650,000 Sales Revenue + $30,000 Interest Income = $1,680,000) | |  |  | | B) | $1,530,000 | |  | ($510,000 Cost of Sales + $400,000 Salaries & Wages Expense + $440,000 Selling Expenses + $180,000 Income Taxes Expense = $1,530,000) | |  |  | | C) | The purpose of the Income Statement is to provide information regarding the revenues and expenses of the entity. The difference shows the profitability of the company for a particular period of time. | |  |  | | D) | The company had net income for the period of $150,000. Since revenues exceeded expenses for the period, the company would be considered profitable. | |  |  | | E) | This would not be the first year of operations for this company. The reasons for this are that the ending Retained Earnings balance is greater than the net income of $150,000. Since the ending balance of Retained Earnings is $560,000, and Net Income for the period was $150,000 as well as apparently no dividends being paid to the stockholders during the year, the company began the year with a balance of $410,000 ($560,000 − $150,000) in Retained Earnings. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - 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| 164. Prepare an Income Statement for Backus Tractor Sales in good form.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  |  | | --- | --- | --- | --- | | Backus Tractor Sales | | | | | Income Statement | | | | | For the Year Ended December 31, 2019 | | | | | Revenues: |  |  | | |  | Sales revenue | $1,650,000 |  | |  | Interest income | 30,000 | $1,680,000 | | Expenses: |  |  | | |  | Cost of sales | $   510,000 |  | |  | Salaries & wages expense | 400,000 |  | |  | Selling expenses | 440,000 |  | |  | Income taxes expense | 180,000 | 1,530,000 | | Net income |  | $   150,000 | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - 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| 165. Prepare a Balance Sheet for Backus Tractor Sales in good form.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  |  | | --- | --- | --- | --- | | Backus Tractor Sales | | | | | Balance Sheet | | | | | December 31, 2019 | | | | | **Assets** | | **Liabilities & Stockholders' Equity** | | | Cash | $   300,000 | Accounts payable | $   120,000 | | Accounts receivable | 140,000 | Income taxes payable | 50,000 | | Inventories | 220,000 | Notes payable | 200,000 | | Prepaid expenses | 20,000 | Common stock | 170,000 | | Equipment | 420,000 | Retained Earnings | 560,000 | | Total Assets | $1,100,000 | Total Liabilities & |  | |  |  | Stockholders' Equity | $1,100,000 | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - 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| **Ben & Terry’s Ice Cream**  The accountant prepared the following list from the company's accounting records for the year ended December 31, 2019:   |  |  |  |  | | --- | --- | --- | --- | | Retained Earnings | ? | Prepaid Expenses | $  50,000 | | Cash | $  77,000 | Common Stock | 400,000 | | Accounts Payable | 50,000 | Accounts Receivable | 170,000 | | Sales Revenue | 955,000 | Interest Income | 50,000 | | Cost of Sales | 700,000 | Salary Expense | 140,000 | | Land | 750,000 | Income Tax Expense | 20,000 | | Notes Payable | 450,000 | Selling Expense | 45,000 | | Inventory | 200,000 | Salaries Payable | 40,000 | |

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| 166. Determine the following amounts for Ben & Terry's Ice Cream.   |  |  | | --- | --- | | A) | Total Assets at the end of 2019. | |  |  | | B) | Total Liabilities at the end of 2019. | |  |  | | C) | Total Equity at the end of 2019. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $1,247,000 | |  | ($77,000 Cash + $170,000 Accounts Receivable + $200,000 Inventories + $50,000 Prepaid Expense + $750,000 Land = $1,247,000) | |  |  | | B) | $540,000 | |  | ($50,000 Accounts Payable + $450,000 Notes Payable + $40,000 Salaries Payable = $540,000) | |  |  | | C) | $707,000 | |  | ($1,247,000 Total Assets − $540,000 Total Liabilities = $707,000) | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - 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| 167. Determine the following amounts for Ben & Terry's Ice Cream:   |  |  | | --- | --- | | A) | Total Revenues for 2019. | |  |  | | B) | Total Expenses for 2019. | |  |  | | C) | Net Income for 2019. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $1,005,000 | |  | ($955,000 Sales Revenue + $50,000 Interest Income = $1,005,000) | |  |  | | B) | $905,000 | |  | ($700,000 Cost of Sales + $140,000 Salary Expense + $20,000 Income Tax Expense + $45,000 Selling Expense = $905,000) | |  |  | | C) | $100,000 | |  | ($1,005,000 Total Revenue − $905,000 Total Expenses = $100,000) | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - 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| 168. Using good form, prepare an income statement for Ben & Terry's Ice Cream.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  |  | | --- | --- | --- | --- | | Ben & Terry's Ice Cream | | | | | Income Statement | | | | | For the Year Ended December 31, 2019 | | | | | Revenues: |  |  | | |  | Sales Revenue | $955,000 |  | |  | Interest Income | 50,000 | $1,005,000 | | Expenses: |  |  | | |  | Cost of Sales | $700,000 |  | |  | Salary Expense | 140,000 |  | |  | Selling Expense | 45,000 |  | |  | Income tax Expense | 20,000 | 905,000 | | Net Income |  | $   100,000 | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - 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| 169. Using good form, prepare a Balance Sheet for Ben & Terry's Ice Cream.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  |  | | --- | --- | --- | --- | | Ben & Terry's Ice Cream | | | | | Balance Sheet | | | | | As of December 31, 2019 | | | | | **Assets** | | **Liabilities & Owners' Equity** | | | Cash | $     77,000 | Accounts Payable | $     50,000 | | Accounts Receivable | 170,000 | Salaries Payable | 40,000 | | Inventory | 200,000 | Notes Payable | 450,000 | | Prepaid Expenses | 50,000 | Common Stock | 400,000 | | Land | 750,000 | Retained Earnings | 307,000 | | Total Assets | $1,247,000 | Total Liabilities & Owners' |  | |  |  | Equity | $1,247,000 | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - 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| 170. Dunn, Inc., started the year with total assets of $1,400,000 and total liabilities of $240,000. Net income for the year is $1,000,000 and dividends declared and paid during the year are $450,000.   |  |  | | --- | --- | | A) | What is the amount of Dunn's Total Stockholders' Equity at the end of the year? | |  |  | | B) | Could Dunn have paid additional dividends during the year? Explain your answer. |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $1,710,000 | |  | ($1,400,000 Total Assets at the beginning of the year − $240,000 Total Liabilities at beginning of the year = $1,160,000 Total Stockholders' Equity at the beginning of the year) | |  | ($1,160,000 Total Stockholders' Equity at the beginning of the year + $1,000,000 Net Income for the year − $450,000 Dividends = $1,710,000) | |  |  | | B) | Yes. Assuming the company has enough cash to do so, additional dividends can be paid. Net income exceeded the amount of dividends paid by $550,000 ($1,000,000 − $450,000), so the amount paid could have been increased. Also the company has total positive retained earnings. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - 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AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| 171. A certain company started business on January 1, 2019 with assets of $1,000,000 and stockholders' equity of $565,000. By the end of the year, assets increased by $100,000 and liabilities decreased by $150,000. Other than net income or loss, the only change in stockholders' equity was dividends of $50,000.   |  |  | | --- | --- | | A) | What was the amount total stockholders' equity at the end of the year? | |  |  | | B) | What was the amount net income or net loss for the year? |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | A) |  |  |  |  | **Stockholders'** | |  | **Assets** |  |  | **Liabilities** | **Equity** | |  | Beginning of year | $1,000,000 |  | $435,000 | $565,000 | |  | Change during year | +100,000 |  | −150,000 | +250,000 | |  | End of year | $1,100,000 | = | 285,000 | $815,000 | |  |  |  |  |  |  | | B) | Change in equity | $   250,000 |  |  |  | |  | Add: Dividends | 50,000 |  |  |  | |  | Net Income | $   300,000 |  |  |  | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *REFERENCES:* | CS1-1 CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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| 172. Presented below are selected data from the balance sheet:   |  |  | | --- | --- | | Current assets | $250,000 | | Property, plant & equipment | 700,000 | | Other assets | ? ? ? | | Current liabilities | 200,000 | | Total Long-term debt | 500,000 | | Total Stockholders' equity | 275,000 |  |  |  | | --- | --- | | A) | Determine the amount of "Other assets." | |  | (Hint: you must use the accounting equation concept to determine your answer.) | |  |  | | B) | How much of the company is financed by creditors? How much is financed by the owners? |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $25,000 | |  | ($200,000 Current liabilities + $500,000 Long-term debt + $275,000 Stockholders' equity = $975,000 Total Assets) | |  | ($975,000 Total Assets − $250,000 Current assets − $700,000 Property, plant & equipment = $25,000) | |  |  | | B) | Amount of financing by creditors: $700,000 | |  | ($200,000 Current liabilities + $500,000 Long-term debt = $700,000) | |  |  | |  | Amount of financing by owners': $275,000 | |  | ($275,000 Stockholders' equity) | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - 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| 173. Presented below are selected data from the accounting records for 2019:   |  |  | | --- | --- | | Sales | $900,000 | | Income tax expense | 80,000 | | Cost of Sales | 550,000 | | Operating expenses | 150,000 | | Dividends | 75,000 |   ​   |  |  | | --- | --- | | A) | Calculate the net income or loss for the year. | |  |  | | B) | Did the company’s financial position improve or deteriorate during the year? Explain. | |  |  | | C) | Is the company profitable? Explain. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $120,000 | |  | ($900,000 Sales − $550,000 Cost of sales − $150,000 Operating expenses − $80,000 Income tax expense = $120,000) | |  |  | | B) | The financial position improved since the net income increases the company's retained earnings. | |  |  | | C) | Yes. The amount of revenues exceeds the amount of expenses by $120,000. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - 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| 174. The following balance sheet information is provided:   |  |  |  |  | | --- | --- | --- | --- | |  |  |  | **Stockholder's** | |  | **Assets** | **Liabilities** | **Equity** | | January 1, 2019 | $1,500,000 | $540,000 | $**\_\_\_\_\_\_\_\_** | | December 31, 2019 | 1,810,000 | **\_\_\_\_\_\_\_** | 1,400,000 |   ​   |  |  | | --- | --- | | A) | What is the amount of Stockholders' Equity at January 1, 2019? | |  |  | | B) | What is the amount of Liabilities at December 31, 2019? | |  |  | | C) | Assume that the company paid dividends of $620,000 during the year. How much net income did it earn during the year? | |  |  | | D) | Assume that the company paid no dividends during the year. Without looking at the income statement, how can you tell if the company is profitable or not? |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $960,000 | |  | ($1,500,000 Assets − $540,000 Liabilities = $960,000) | |  |  | | B) | $410,000 | |  | ($1,810,000 Assets − $1,400,000 Stockholders' Equity = $410,000 Liabilities) | |  |  | | C) | $1,060,000 | |  | ($960,000 Beginning Stockholders' Equity + X − $620,000 Dividend = $1,400,000 Ending Stockholders' Equity) | |  |  | |  | (X = $1,060,000) | |  |  | | D) | Assuming that the increase in Stockholders' Equity would come from net income, the company would have to be considered profitable. Net income will increase Retained Earnings which is a part of Stockholders' Equity. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - 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AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 20 min. | |

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| 175. A certain company began the year with total assets of $10,000,000 and total liabilities of $6,200,000. No additional stock was issued during the year. Use the accounting equation to answer the following questions.   |  |  | | --- | --- | | A) | What was the amount of Total Assets at the end of the year if Liabilities decreased by $600,000 and Stockholders' Equity increased by $900,000? | |  |  | | B) | Was the company profitable? Explain your answer. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  |  | | --- | --- | --- | --- | --- | | A) | $10,300,000 |  |  |  | |  |  |  |  | **Stockholders'** | |  |  | **Assets** | **Liabilities** | **Equity** | |  | Beginning of the year | $10,000,000 | $6,200,000 | $3,800,000 | |  | Change during the year | 300,000 | (600,000) | 900,000 | |  | End of the year | $10,300,000 | $5,600,000 | $4,700,000 | |  |  |  |  |  | | B) | | Yes, the company was profitable because the Stockholders' Equity increased from the beginning of the year to the end of the year. | | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - 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| 176. The beginning balance of retained earnings was $800,000, and the ending balance was $500,000. The company paid dividends of $50,000.   |  |  | | --- | --- | | A) | Determine the amount of net income (loss) for the year. | |  |  | | B) | What information would one find on the income statement in addition to net income? |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | (250,000) loss | |  | [$500,000 Ending Retained Earnings − $800,000 Beginning Retained Earnings = ($300,000)] | |  | [($300,000) decrease + $50,000 Dividends Paid = ($250,000) loss] | |  |  | | B) | The Income Statement will show the sources of amounts earned (Revenues) as well as the amount and type of costs incurred by the company (Expenses) during the period. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - 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| 177. Best Deal Auto Parts began 2019 with $400,000 in assets, $140,000 in liabilities, and $160,000 of retained earnings. Net income for the year was $100,000, and dividends of $80,000 were paid.   |  |  | | --- | --- | | A) | Prepare a Statement of Retained Earnings for 2019. | |  |  | | B) | What is the nature or purpose of the statement of retained earnings? | |  |  | | C) | What was the amount of Capital Stock at the beginning of 2019? | |  |  | | D) | What events would cause the two stockholders' equity items to increase? | |  |  | | E) | How do you identify whether the company was profitable during 2019 by examining the statement of retained earnings? |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  | | --- | --- | --- | | A) | Best Deal Auto Parts | | |  | Statement of Retained Earnings | | |  | For the Year Ended December 31, 2019 | | |  | Retained Earnings, January 1, 2019 | $160,000 | |  | Add: Net income | 100,000 | |  | Deduct: Dividends | (80,000) | |  | Retained Earnings, December 31, 2019 | $180,000 | |  |  | | | B) | Retained earnings is the amount of income earned by the company less any dividends paid to the stockholders since the company began operations. The Statement of Retained Earnings shows the portion of Stockholders' Equity created by the company. | | |  |  | | | C) | $100,000 | | |  | ($400,000 Total Assets − $140,000 Total Liabilities − $160,000 Beginning Retained Earnings = $100,000) | | |  |  | | | D) | One way that the company can increase stockholders' equity is to sell additional shares of stock to investors. Another way is to increase Retained Earnings when the company reports net income for the period greater than the dividends paid. | | |  |  | | | E) | The Statement of Retained Earnings shows that the company was profitable for the year by reporting net income for the period. If the company were to experience an operating loss, then this would be shown as a deduction from the beginning balance of retained earnings. | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - 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MT - AICPA FN-Measurement United States - NC - AICPA FN-Measurement United States - ND - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 25 min. | |

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| 178. The following accounts were taken from a company's accounting records. Answer the questions that follow.   |  |  |  |  | | --- | --- | --- | --- | | Total liabilities, end of the yr. | $920,000 | Total assets, end of the yr. | $1,430,000 | | Capital stock, end of the yr. | 160,000 | Retained earnings, beginning of yr. | 150,000 | | Dividends for the period | 200,000 | Net income for the yr. | 400,000 |  |  |  | | --- | --- | | A) | How much is the balance of Retained Earnings at the end of the year? | |  |  | | B) | Show the company’s accounting equation at the end of the year with the respective dollar amounts. | |  |  | | C) | If stockholders' equity increases during the year, does that mean that the company is profitable? Explain your answer. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $350,000 | |  | ($150,000 Retained earnings, beginning of the year + $400,000 Net income − $200,000 Dividends for the period = $350,000) | |  | OR | |  | ($1,430,000 Total assets, end of the year − $920,000 Total liabilities, end of the year − $160,000 Capital stock, end of the year = $350,000) | |  |  | | B) | $1,430,000 Total assets, end of the year = $920,000 Total liabilities, end of the year + $510,000 Stockholders' Equity, end of the year | |  | ($160,000 Capital stock, end of the year + $350,000 Retained earnings, end of the year) | |  |  | | C) | This would depend upon what causes the stockholders' equity to increase. If the increase were due to an increase in retained earnings, then the company would have been profitable for the period. But if the increase were due to an increase in the amount of capital stock issued, this would not be a measure of profitability. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-1 CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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AZ - AICPA FN-Measurement United States - AR - AICPA FN-Measurement United States - AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 25 min. | |

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| 179. Classify the following items according to the financial statements on which each belongs, either the income statement (IS), statement of retained earnings (RE), or the balance sheet (BS). Also indicate whether each is a revenue (R), expense (E), asset (A), liability (L), or stockholders' equity (SE) item.   |  |  |  |  |  | | --- | --- | --- | --- | --- | |  |  | **Appears on** |  |  | |  |  | **Which** |  | **Type of** | |  |  | **Statements?** |  | **Account** | |  |  |  |  |  | | 1. | Retained earnings |  |  |  | |  |  |  |  |  | | 2. | Equipment |  |  |  | |  |  |  |  |  | | 3. | Common stock |  |  |  | |  |  |  |  |  | | 4. | Unearned revenue |  |  |  | |  |  |  |  |  | | 5. | Sales |  |  |  | |  |  |  |  |  | | 6. | Rent expense |  |  |  | |  |  |  |  |  | | 7. | Inventories |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  |  | | --- | --- | --- | --- | --- | | 1. | Retained earnings, end of year | BS, RE |  | SE | | 2. | Equipment | BS |  | A | | 3. | Common stock | BS |  | SE | | 4. | Unearned revenue | BS |  | L | | 5. | Sales | IS |  | R | | 6. | Rent expense | IS |  | E | | 7. | Inventories | BS |  | A | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KS - 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NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 15 min. | |

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| 180. The following amounts were taken from the accounting records at December 31, 2019:   |  |  |  |  | | --- | --- | --- | --- | | Service Revenue | $600,000 | Salaries Expense | $200,000 | | Dividends Paid | 50,000 | Rent Expense | 86,000 | | Buildings | 110,000 | Land | 100,000 | | Accounts Payable | 40,000 | Accounts Receivable | 28,000 | | Capital Stock | 60,000 | Retained Earnings, Jan. 1, 2019 | 400,000 | | Utilities Expense | 19,000 | Notes Payable | 30,000 | | Income Tax Payable | 4,000 | Income Tax Expense | 110,000 |   ​   |  |  | | --- | --- | | A) | Calculate net income for 2019. | |  |  | | B) | Calculate retained earnings at the end of 2019. |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $185,000 | |  | ($600,000 Service Revenue − $200,000 Salaries Expense − $86,000 Rent Expense − $19,000 Utilities Expense − $110,000 Income Tax Expense = $185,000) | |  |  | | B) | $535,000 | |  | ($400,000 Retained Earnings, Jan 1, 2019 + $185,000 Net Income − $50,000 Dividends Paid = $535,000) | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - 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| 181. The following amounts were taken from the accounting records at December 31, 2019:   |  |  |  |  | | --- | --- | --- | --- | | Accounts Payable | $400,000 | Dividends Paid | $100,000 | | Cash | $100,000 | Expenses | $600,000 | | Inventories | $700,000 | Revenue | $750,000 |   ​   |  |  | | --- | --- | | A) | Calculate Total Assets. | |  |  | | B) | Calculate Net Income for 2019. | |  |  | | C) | Calculate Total Stockholders' Equity at the end of 2019. | |  |  | | D) | Calculate Total Stockholders’ Equity at the beginning of 2019 assuming there were no stock transactions during the year. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $800,000 | |  | ($100,000 Cash + $700,000 Inventories = $800,000) | |  |  | | B) | $150,000 | |  | ($750,000 Revenue − $600,000 Expenses = $150,000) | |  |  | | C) | $400,000 | |  | ($800,000 Total Assets − $400,000 Accounts Payable = $400,000) | |  |  | | D) | $350,000 | |  | ($400,000 End-of-year - $150,000 (NI = $750,000 - $600,000) + $100,000 (Dividends) | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - 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AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| 182. The following information is taken from the Balance Sheet at December 31, 2019:   |  |  |  |  | | --- | --- | --- | --- | | Cash | $288,000 | Retained Earnings | $168,000 | | Inventory | 96,000 | Accounts Payable | 84,000 | | Equipment | 456,000 | Bonds Payable | 276,000 | | Common Stock | 312,000 |  |  |   ​   |  |  | | --- | --- | | A) | How much did creditors provide to this company? | |  |  | | B) | On which financial statement would an investor look to see if any stock was issued during the year? |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | $360,000 | |  | ($84,000 Accounts Payable + $276,000 Bond Payable) | |  |  | | B) | The primary source for seeing whether any stock was issued during the year would be the Statement of Stockholders' Equity. While the Balance Sheet may show an amount for "Common Stock," this amount is an ending balance, and would not show the results of any transactions involving new issuances of stock during the period. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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| **Baloon-E-Tunes**   |  |  |  |  | | --- | --- | --- | --- | | Retained Earnings | $370,000 | Notes Payable (due in 6 years) | $120,000 | | Accumulated Depreciation | 130,000 | Salaries Payable | 10,000 | | Income Taxes Payable | 240,000 | Supplies | 20,000 | | Plant | 480,000 | Accounts Payable | 360,000 | | Cash | 110,000 | Inventory | 330,000 | | Accounts Receivable | 350,000 | Land | 500,000 | | Common Stock | 600,000 | Prepaid Insurance | 40,000 | |

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| 183. Refer to Baloon-E-Tunes. Prepare the current assets section of the Balance Sheet. You may omit the heading. How does the concept of liquidity apply?   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | Cash | $110,000 | | | Accounts Receivable | 350,000 | | | Inventory | 330,000 | | | Prepaid Insurance | 40,000 | | | Supplies | 20,000 | | |  | Total Current Assets | $850,000 |   Liquidity is an indicator of how close to cash the company's assets are. Those assets that are most liquid are listed first. It relates to the company's ability to pay its obligations as they become due. Current assets are expected to be converted into cash within the next operating cycle, so they are a key determinant of liquidity. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - ID - 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| 184. Refer to Baloon-E-Tunes. Prepare the current liabilities section of the balance sheet. You may omit the heading. If the amount of current liabilities were larger, what effect would this have on the current ratio?   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | Accounts Payable | $360,000 | | | Salaries Payable | 10,000 | | | Income Taxes Payable | 240,000 | | |  | Total | $610,000 |   When current liabilities increase, the denominator of the current ratio increases. This causes the current ratio itself to decrease. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - 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| 185. Refer to Baloon-E-Tunes. Prepare the long-term asset section of the balance sheet. You may omit the heading. Why are these amounts classified as "long-term"?   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | | Land |  | $500,000 | | | Plant | $480,000 |  | | | Less: Accumulated Depreciation | (130,000) | 350,000 | | |  | Total |  | $850,000 |   Long-term assets are those that are expected to benefit the company beyond the current accounting period. Both the land and the buildings are expected to benefit more than one accounting period. Accumulated depreciation is the portion of the cost of the building that has benefited the accounting periods to date. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - 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AZ - AICPA FN-Measurement United States - AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 10 min. | |

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| 186. Refer to Baloon-E-Tunes. Calculate the current ratio. What does this ratio tell you about the "composition" of the current assets?   |  |  | | --- | --- | | *ANSWER:* | Current Assets = $850,000  ($110,000 Cash + $350,000 Accounts receivable + $330,000 Inventory + $40,000 Prepaid Insurance + $20,000 Supplies = $850,000)  Current Liabilities = $610,000  ($360,000 Accounts Payable + $10,000 Salaries Payable + $240,000 Income Taxes Payable = $610,000)  Current ratio = 1.39 to 1  ($850,000 / $610,000)  The current ratio does not provide information about the composition of the company's current assets and current liabilities. Only totals are used to calculate the current ratio. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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UT - AICPA FN-Measurement United States - TX - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| 187. Refer to Baloon-E-Tunes. Calculate the amount of working capital. What can you learn from the current ratio that you cannot learn from the amount of working capital?   |  |  | | --- | --- | | *ANSWER:* | Current Assets = $850,000  ($110,000 Cash + $350,000 Accounts receivable + $330,000 Inventory + $40,000 Prepaid Insurance + $20,000 Supplies = $850,000)  Current Liabilities = $610,000  ($360,000 Accounts Payable + $10,000 Salaries Payable + $240,000 Income Taxes Payable = $610,000)  Working Capital = $240,000  ($850,000 − $610,000)  The current ratio indicates the number of times current assets is greater than current liabilities. The current ratio is based on a relative relationship; whereas, working capital is based on total dollars. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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VT - AICPA FN-Measurement United States - VA - AICPA FN-Measurement United States - WA - AICPA FN-Measurement United States - WY - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| **B-There Transportation** B-There Transportation calculated the following amounts concerning its financial information for the years ending December 31, 2019 and 2018.   |  |  |  | | --- | --- | --- | |  | **2019** | **2018** | | Current Ratio | 4.0 to 1 | 2.0 to 1 | |

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| 188. Refer to B-There Transportation. Is the change in the current ratio favorable or not? Explain.   |  |  | | --- | --- | | *ANSWER:* | The current ratio increased from 2.0 to 1 to 4.0 to 1. This is an unusually large increase for most companies. A larger current ratio means a company is more liquid. This increase is favorable, although care must be taken so that the current ratio does not become too large, which may indicate an inefficient cash management system. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - 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RI - AICPA FN-Measurement United States - SC - AICPA FN-Measurement United States - SD - AICPA FN-Measurement United States - TN - AICPA FN-Measurement United States - TX - AICPA FN-Measurement United States - UT - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Analysis | | *NOTES:* | 5 min. | |

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| 189. Refer to B-There Transportation. Suppose the company had a decrease in its cash account from 2018 to 2019. Would the other current asset amounts have increased or decreased? Explain.   |  |  | | --- | --- | | *ANSWER:* | Since the current ratio increased from 2018 to 2019, the current assets other than cash would have had to increase substantially to offset the decline in cash. However, cash could also have been used to pay down current liabilities thus the current ratio would not be impacted. The decline in cash changes the liquidity somewhat, in that the other current assets must be converted to cash prior to paying the current period debt. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Analysis | | *NOTES:* | 10 min. | |

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| 190. The following amounts were taken from the income statement of Beauty World for the year ending December 31, 2019:   |  |  | | --- | --- | |  | **2019** | | Net Sales | $750,000 | | Selling, General and Administrative Expense | 450,000 | | Research and Development Expense | 50,000 | | Other Income (net) | 25,000 |   How much is net income for the year ended December 31, 2019? Would the net income amount have been different if the company had used a single-step income statement rather than the multiple-step statement? Explain.   |  |  | | --- | --- | | *ANSWER:* | Net Income = $275,000  ($750,000 Net Sales + $25,000 Other Income, net − $450,000 Selling, General and Administrative Expenses − $50,000 Research and Development Expense = $275,000)  Net income is the same under a single-step or a multiple-step income statement. Only subtotals and the order the amounts are listed differ. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - 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| 191. After reporting a profit of $20,000 for the year, a certain company reported the following items on its balance sheet:   |  |  | | --- | --- | | Cash | $225,000 | | Accounts receivable | 110,000 | | Inventory | 80,000 | | Prepaid insurance | 5,000 | | Land | 100,000 | | Building | 280,000 | | Accounts payable | 60,000 | | Salaries payable | 10,000 | | Capital stock | 500,000 | | Retained earnings | 230,000 |   ​   |  |  | | --- | --- | | A) | Calculate the current ratio and determine the amount of working capital. | |  |  | | B) | Beyond the information provided in your answers to "A," what does the composition of the current assets tell you about the company’s liquidity? | |  |  | | C) | What other information would one need to fully access liquidity? |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | Current ratio: 6 to 1 | |  | ($225,000 Cash + $110,000 Accounts receivable + $80,000 Inventory + $5,000 Prepaid insurance) / ($60,000 Accounts payable + $10,000 Salaries payable) = 6 to 1 | |  |  | |  | Working capital: $350,000 | |  | ($420,000 Total Current Assets − $70,000 Total Current Liabilities = $350,000) | |  |  | | B) | The closer an asset is to being converted to cash, the more liquid the asset is. Some assets, like inventory, take much longer to turn into cash because they must be sold before collection of the cash can be made. Prepaid insurance is not as liquid as accounts receivable since it will be consumed as time passes. Receivables are more liquid than inventory because a sale has already occurred | |  |  | | C) | The statement of cash flows would be helpful to determine the cash inflows and outflows that occurred during the year. The balance sheet represents only the ending balance of the cash account. The statement of cash flows also identifies the sources and uses of cash by accounting activity. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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VT - AICPA FN-Measurement United States - VA - AICPA FN-Measurement United States - WA - AICPA FN-Measurement United States - WY - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 20 min. | |

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| 192. Listed below are several amounts from the accounting records of Bike Links for the year ended December 31, 2019. Prepare a multiple-step income statement in good form.   |  |  | | --- | --- | | Service revenue | $960,000 | | Selling expense | 176,000 | | Income tax expense | 160,000 | | General and administrative expenses | 280,000 | | Interest revenue | 8,000 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  |  | | --- | --- | --- | --- | | Bike Links | | | | | Income Statement | | | | | For the Year Ended December 31, 2019 | | | | | Service Revenue |  | $960,000 | | | Operating Expenses: |  |  | | |  | Selling Expenses | $176,000 |  | |  | General and Administrative Expenses | 280,000 |  | |  | Total Operating Expenses |  | 456,000 | | Income from Operations |  | $   504,000 | | | Other Revenue and Expenses |  |  | | |  | Interest Revenue |  | 8,000 | | Income Before Taxes |  | $   512,000 | | | Income Tax Expense |  | 160,000 | | | Net Income |  | $   352,000 | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - 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| 193. Listed below are several amounts from the accounting records of Big Tom’s Pawn Shops, for the year ended December 31, 2019. Prepare a single-step income statement in good form.   |  |  | | --- | --- | | Salaries expenses | $145,000 | | Rent expense | 12,000 | | Sales | 225,000 | | Retained earnings | 100,000 | | Insurance expense | 11,000 | | Income taxes expense | 30,000 |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | ​   |  |  |  |  | | --- | --- | --- | --- | | Big Tom’s Pawn Shops | | | | | Income Statement | | | | | For the Year Ended December 31, 2019 | | | | | Revenues: |  |  | | |  | Sales |  | $225,000 | | Expenses |  |  | | |  | Salaries expense | $145,000 |  | |  | Rent expense | 12,000 |  | |  | Insurance expense | 11,000 |  | |  | Income tax expense | 30,000 |  | |  | Total Expenses |  | 198,000 | | Net Income |  | $  27,000 | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - 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| 194. Blackbeard’s Restaurant began operations on January 1, 2019, with a total investment of $100,000 by its stockholders. The restaurant had a net loss its first year of business of $15,000. During 2020 and 2021, the business was profitable with net incomes of $25,000 and $50,000, respectively. The company paid $5,000 per year in dividends to its shareholders in 2020 and 2021.   |  |  | | --- | --- | | A) | In good form, prepare a statement of retained earnings for the year ended December 31, 2020. | |  |  | | B) | How much is total retained earnings on December 31, 2021? | |  |  | | C) | Explain the link between the statement of retained earnings and the balance sheet. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | A) | Blackbeard’s Restaurant | | |  | Statement of Retained Earnings | | |  | For the Year Ended December 31, 2020 | | |  | Beginning balance, January 1, 2020 | $(15,000)\* | |  | Add: Net income for 2020 | 25,000 | |  | Less: Dividends paid during the year | (5,000) | |  | Ending balance, December 31, 2020 | $  5,000 | |  |  |  | | \* | $−15,000 Net Loss for 2019 − $0 Dividends paid = $(15,000) Balance, January 1, 2020 | | |  |  | | | B) | Retained earnings at December 31, 2021 = $50,000 | | |  | ($5,000 Beginning Balance, January 1, 2021 + $50,000 Net Income for 2021 − $5,000 Dividends paid during the year = $50,000) | | |  |  | | | C) | The ending balance of the retained earnings statement represents the cumulative earnings less all the dividends declared and paid for the life of the business. This amount appears on the balance sheet as a component of stockholders' equity. | | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-4 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - 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AL - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| 195. Most annual reports contain the following list of basic elements. For each element identify the person(s) who prepared the element and describe the information a user would expect to find in each element. Some information is verifiable, while other information is subjectively chosen by management. Indicate whether the information in each element is verifiable.   |  |  |  |  | | --- | --- | --- | --- | |  | **Prepared** | **Information** | **Verifiable/** | | **Elements** | **By** | **Provided** | **Yes or No?** | | Management Discussion & Analysis |  |  |  | | Financial Statements |  |  |  | | Notes to Financial Statements |  |  |  | | Report of Independent Accountants |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  |  | | --- | --- | --- | --- | |  | **Prepared** | **Information** | **Verifiable/** | | **Elements** | **By** | **Provided** | **Yes or No?** | | Management Discussion & Analysis | Mgmt. | Discussion of financial statements and explanation. Highlight favorable and unfavorable trends. | No | | Financial Statements | Mgmt. | Income statement, balance sheet, statement of cash flows, statement of retained earnings | Yes | | Notes to Financial Statements | Mgmt. | Clarifications and explanations that expand upon the information presented in the financial statements | Yes | | Report of Independent Accountants | CPA firm. | Opinion that the financial statements are presented fairly in accordance with generally accepted accounting principles. | No | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - 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| 196. List three different groups of users of accounting information. Indicate the type of decisions each group typically makes from accounting information.   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | The groups and their decisions are:   |  |  | | --- | --- | | Stockholders: | Is the company profitable enough to pay dividends? | |  | Did the company make a profit for the period? | | Management: | How should an item be priced? Should we continue operations? | |  | Can we give employees raises? | | Bankers: | Can the company pay interest and principal when it comes due? | | Creditors: | Can the company pay bills when they are due? | | Government: | How much did the company earn? (i.e., how much taxes should be paid?) | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WA - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 15 min. | |

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| 197. What is the purpose of an income statement?   |  |  | | --- | --- | | *ANSWER:* | An income statement reports the company's revenues and expenses for a period of time and shows the company's profitability (or lack of). The income statement is sometimes called the "profit or loss statement." | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - 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| 198. List the four financial statements. Explain the connection between these four statements.   |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | 1. | Balance Sheet | | 2. | Income Statement | | 3. | Statement of Retained Earnings | | 4. | Statement of Cash Flows |   Net income on the income statement increases retained earnings on the statement of retained earnings. The balance in the statement of retained earnings goes to the balance sheet. The ending balance for cash on the Statement of Cash Flows is also shown on the Balance Sheet. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - 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| **Baker’s Pride Bakery**  Condensed data from the company’s 2019 and 2018 financial statements are presented below. The figures are expressed in thousands.   |  |  |  |  | | --- | --- | --- | --- | | **Statement A** | **2019** | **2018** | | | Assets: |  |  | | | Total current assets | $219,560 | $198,088 | | | Property, plant & equipment (net of accumulated depreciation) | 18,320 | 13,996 | | | Investments | 3,370 | 1,167 | | | Other assets | 12,220 | 11,667 | | |  | Total assets | $253,470 | $224,918 | | Liabilities: |  |  | | | Total current liabilities | $  92,990 | $  95,260 | | | Long-term debt | 15,160 | 22,172 | | |  | Total liabilities | $108,150 | $117,432 | | Stockholders' equity: |  |  | | | Contributed capital | $  53,680 | $  35,475 | | | Retained Earnings | 91,640 | 72,011 | | |  | Total stockholders' equity | $145,320 | $ 107,486 | | Total liabilities & stockholders' equity | $253,470 | $224,918 | |   ​   |  |  |  | | --- | --- | --- | | **Statement B** | **2019** | **2018** | | Net Sales | $229,301 | $203,171 | | Cost of sales | 135,453 | 131,212 | | Gross margin | $93,848 | $71,959 | | Selling, general and administrative expenses | 64,832 | 57,442 | | Other income (expense) | 693 | (130) | | Income (loss) before income taxes | $29,709 | $14,387 | | Income tax expense | 3,534 | 2,320 | | Net income (loss) | $  26,175 | $  12,067 | |

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| 199. Refer to Baker’s Pride Bakery.   |  |  | | --- | --- | | A) | What is the name of Statement A? | |  |  | | B) | What is the name of Statement B? |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | Statement A is the Classified Balance Sheet | |  |  | | B) | Statement B is the Multiple-Step Income Statement | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *REFERENCES:* | CS1-2 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - 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| 200. Refer to Baker’s Pride Bakery. Which statement indicates the financial position of the company? What information is provided on that statement that indicates the "financial position" of the company? Explain.   |  |  | | --- | --- | | *ANSWER:* | The classified balance sheet provides information on the financial position of the company. It is expressed in terms of the accounting equation. When total liabilities are subtracted from total assets, the difference is stockholders' equity. This amount represents net worth or the financial position of a company at the balance sheet date. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - 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| 201. Refer to Baker’s Pride Bakery. Was the company profitable both years? What are the amounts of the total revenues and total expenses, respectively, for 2013? Which financial statement provides this information to you?   |  |  | | --- | --- | | *ANSWER:* | The company was profitable in both 2013 and 2012.  For 2013, total revenues include net sales of $229,301, and other income, $693, for a total of $229,994.  Total expenses for 2013 include cost of sales of $135,453, selling, general and administrative expenses of $64,832, and income tax expense of $3,534, or a total of $203,819.  Information about revenues, expenses, and profitability is reported on the income statement. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - 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| 202. Refer to Baker’s Pride Bakery. How much of the company is financed by owners at the end of December 2013?   |  |  | | --- | --- | | *ANSWER:* | The amount of financing by owners for 2013 is represented by the amount of stockholders' equity, $145,320. Over time, sales of stock and earnings retained by the company (cumulative net income minus cumulative dividends) cause the amount of stockholders' equity to increase. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - 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WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 10 min. | |

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| 203. Refer to Baker’s Pride Bakery. How much of the company is financed by creditors at the end of December 2013? Evaluate the change from 2012 to 2013.   |  |  | | --- | --- | | *ANSWER:* | The amount of financing provided by creditors for 2013 is the amount of liabilities reported on the balance sheet, $108,150. For 2012, the amount was $117,432. Total liabilities decreased by $9,282, or about 8% from 2012 to 2013. The company was able to lower its debt while still increasing its assets and stockholders’ equity. Of course, this decrease in liabilities must be examined relative to the company's entire financial position. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - 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| 204. Refer to Baker’s Pride Bakery. Based on the information provided, is the company considered a business or non-business entity? How do you know by examining the financial statements?   |  |  | | --- | --- | | *ANSWER:* | This company is a business entity, because its purpose is to make a profit, not simply provide a service or product. Non-business entities have no owners but this company has owners, as evidenced by examining the stockholders' equity section of the balance sheet. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - 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| 205. What financial statement items are investors and creditors most interested in and why?   |  |  | | --- | --- | | *ANSWER:* | Investors are most interested in cash receipts from dividends and the cash they can receive upon selling their stock. Creditors are most interested in cash to be received for interest payments and the repayment of the principal. If a company does not have sufficient cash flows, investors and creditors could suffer as a result. The financial position, shown on the company's Balance Sheet, is also a concern for both investors and creditors because even though the company may have what appears to be sufficient cash flows for the current period, the long-term cash flow could be weak. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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| 206. How is a classified balance sheet useful to decision makers?   |  |  | | --- | --- | | *ANSWER:* | A classified balance sheet helps evaluate the liquidity of a company by separating the current assets from long-term assets and current liabilities from long-term liabilities. The user can then determine the amount of working capital and the current ratio, which are both useful measures of liquidity. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - 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| 207. How does the definition of a current liability relate to that of a current asset?   |  |  | | --- | --- | | *ANSWER:* | Current liabilities are obligations that will be satisfied within the operating cycle or within one year if the cycle is shorter than one year. Current assets will be realized in cash, or sold, or consumed during the operating cycle or within one year if the cycle is shorter. For most companies, both current assets and liabilities are reported on the balance sheet using a one-year time period. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - 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| 208. Potential stockholders and lenders are interested in a company's financial statements. Several financial statement items appear below. Answer the questions that follow.   |  |  |  |  | | --- | --- | --- | --- | |  | Accounts receivable | Accounts payable | Advertising expense | |  | Cash | Depreciation expense | Income taxes | |  | Common stock | Land held for future expansion | Dividends | |  | Retained earnings | Loss on the sale of equipment | Service revenue | |  | Office supplies | Patent amortization expense | Sales | |  | Unearned revenue | Utilities expense |  |  |  |  | | --- | --- | | A) | List the two items from above in which stockholders would be most interested. Explain why the two you selected are important to stockholders. | |  |  | | B) | In which one item would lenders be most interested? Explain why this item is important. |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | Stockholders are interested in net income and dividends. They want to make sure the company is profitable. If a company is incurring losses, it may not pay dividends. | |  |  | | B) | Lenders are most interested in the company's ability to pay bills when they become due. Cash can be a big problem if a company does not have enough to pay its bills. This includes the company's ability to repay the lender. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - 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AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - 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| 209. What information is provided in an annual report in addition to the financial statements?   |  |  | | --- | --- | | *ANSWER:* | An annual report contains the reports of management, the auditor's report, management's discussion and analysis of the amounts appearing in the statements, footnotes to the financial statements, and a summary of selected financial data over a period of years. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - 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OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 10 min. | |

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| 210. Assume that you have received copies of the financial statements for Best Buy for the years ending December 31, 2013 and 2012. Answer the following questions:   |  |  | | --- | --- | | A) | If you were a banker, why would you need information from the company's financial statements? | |  |  | | B) | If you were a potential investor in Best Buy stock, what information would you want from their financial statements? | |  |  | | C) | If you were a labor negotiator for a union that represents a group of Best Buy employees, which financial statement would provide you with the most useful information? |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  | | --- | --- | | A) | A banker wants to be assured that the company will make its interest payments and repay the principle of the loan in a timely manner. A banker would also want to know about the value of the assets that could be used to secure the loan or liquidated if company can't repay the loan. | |  |  | | B) | Investors want to know whether they should make an investment in the company's stock, or continue to hold their investment. They will be looking at the company's recent performance, whether the company has been profitable, how their profits compare with other companies, and how much the company has paid in dividends. | |  |  | | C) | A labor negotiator needs to know how much profit the company has made. This information is found on the Income Statement. | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - 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WA - AICPA FN-Measurement United States - WI - AICPA FN-Measurement United States - VA - AICPA FN-Measurement United States - VT - AICPA FN-Measurement United States - TX - AICPA FN-Measurement United States - UT - AICPA FN-Measurement United States - SD - AICPA FN-Measurement United States - TN - AICPA FN-Measurement United States - RI - AICPA FN-Measurement United States - SC - AICPA FN-Measurement United States - OR - AICPA FN-Measurement United States - PA - AICPA FN-Measurement United States - OH - AICPA FN-Measurement United States - OK - AICPA FN-Measurement United States - NV - AICPA FN-Measurement United States - NY - AICPA FN-Measurement United States - NJ - AICPA FN-Measurement United States - NM - AICPA FN-Measurement United States - NE - AICPA FN-Measurement United States - NH - AICPA FN-Measurement United States - AK - AICPA FN-Measurement United States - AL - AICPA FN-Measurement United States - FL - AICPA FN-Measurement United States - GA - AICPA FN-Measurement United States - CT - AICPA FN-Measurement United States - DE - AICPA FN-Measurement United States - CA - AICPA FN-Measurement United States - CO - AICPA FN-Measurement United States - AR - AICPA FN-Measurement United States - AZ - AICPA FN-Measurement United States - NC - AICPA FN-Measurement United States - ND - AICPA FN-Measurement United States - MS - AICPA FN-Measurement United States - MT - AICPA FN-Measurement United States - ME - AICPA FN-Measurement United States - MI - AICPA FN-Measurement United States - MN - AICPA FN-Measurement United States - MO - AICPA FN-Measurement United States - MA - AICPA FN-Measurement United States - MD - AICPA FN-Measurement United States - KY - AICPA FN-Measurement United States - LA - AICPA FN-Measurement United States - IN - AICPA FN-Measurement United States - KS - AICPA FN-Measurement United States - ID - AICPA FN-Measurement United States - IL - AICPA FN-Measurement United States - HI - AICPA FN-Measurement United States - IA - AICPA FN-Measurement | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 15 min. | |

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| 211. **You Decide Essay**  You are the chairman of the board of directors of NuWave Technology. You are in Vegas attending the company’s annual meeting and it is now time for the question and answer session with shareholders.  The very first question you take is this: “I own stock in a dozen companies. Everyone of them pays me dividends except NuWave.  Why is that?”  How do you respond?   |  |  | | --- | --- | | *ANSWER:* | First, point out that retained earnings is an important source of financing for NuWave.  Then explain that you believe that it is in the shareholders’ best interest to reinvest the company’s earnings into the many profitable growth opportunities available rather than pay dividends.  Remind them that the reinvestment of the earnings hopefully will result in higher stock prices and increased wealth for them in the future as the company profits from its growth. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.6 - LO: 1-6 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AR - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AZ - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - AL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CO - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - CT - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - DE - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - FL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - HI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - ID - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IL - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IN - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - KS - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - KY - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - MA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - MD - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - LA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - ME - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - MI - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - MN - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - 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| 212. **You Decide Essay**  A friend of yours is seeking advice on which stocks to buy. Right now, she is looking for a stock that pays cash dividends on a regular basis. She has obtained 6 years worth of financial statements for the two stocks under consideration. Describe at least one item on each financial statement that she should study to determine which stock is more likely to pay future cash dividends.   |  |  | | --- | --- | | *ANSWER:* | Income statement:  Trend of profitable operations Retained earnings statement:  The payment of cash dividends in the past Balance sheet: The existence of sufficient cash from which to pay dividends Cash flow statement: Trend of positive cash flows from operations | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - GA - ACBSP-APC-23-Financial Statement - ACBSP-APC-23-Financial Statement Analysis United States - IA - ACBSP-APC-23-Financial Statement - 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| 213. Refer to Baker’s Pride Bakery. Based on the information provided, is the company legally organized as a sole proprietorship, partnership, or corporation? How can you tell?   |  |  | | --- | --- | | *ANSWER:* | The company is organized as a corporation as evidenced by the Stockholders’ equity items. | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - 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| 214. Each of the four statements that comprise a full set of financial statements has an underlying equation or formula. List the statements in the order they are prepared and the underlying equation of each.   |  |  | | --- | --- | | *ANSWER:* | 1. Income statement: Revenues - Expenses = Net income (net loss) 2. Statement of retained earnings: Beginning retained earnings + net income (net loss) - dividends = ending retained earnings 3. Balance sheet: Assets = Liabilities + Stockholders’ equity 4. Statement of cash flows: Beginning cash +- operating cash flows +-investing cash flows +- financing cash flows = ending cash | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 CORN.RICH.14.1.6 - LO: 1-6 CORN.RICH.14.1.7 - LO: 1-7 CORN.RICH.14.1.8 - LO: 1-8 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - 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WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 15 min. | |

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| 215. Complete the following table to compare and contrast sole proprietorships and corporations.   |  |  |  | | --- | --- | --- | | **Item** | **Proprietorship** | **Corporation** | | Ease of formation |  |  | | Ability to raise large sums of capital |  |  | | Taxable entity |  |  | | Extent of owner liability |  |  | | Double taxation of profits? |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | *ANSWER:* | |  |  |  | | --- | --- | --- | | **Item** | **Proprietorship** | **Corporation** | | Ease of formation | Easy | More difficult | | Ability to raise large sums of capital | Limited | Easier | | Taxable entity | No | Yes | | Extent of owner liability | Unlimited | Limited | | Double taxation of profits? | No | Yes | | | *POINTS:* | 1 | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.2 - LO: 1-2 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WY - ACBSP-APC-03-Business Forms United States - WI - ACBSP-APC-03-Business Forms United States - WV - ACBSP-APC-03-Business Forms United States - VT - ACBSP-APC-03-Business Forms United States - WA - ACBSP-APC-03-Business Forms United States - UT - ACBSP-APC-03-Business Forms United States - VA - ACBSP-APC-03-Business Forms United States - SC - ACBSP-APC-03-Business Forms United States - SD - ACBSP-APC-03-Business Forms United States - TN - ACBSP-APC-03-Business Forms United States - TX - ACBSP-APC-03-Business Forms United States - PA - ACBSP-APC-03-Business Forms United States - RI - ACBSP-APC-03-Business Forms United States - NY - ACBSP-APC-03-Business Forms United States - OH - ACBSP-APC-03-Business Forms United States - OK - ACBSP-APC-03-Business Forms United States - OR - ACBSP-APC-03-Business Forms United States - NM - ACBSP-APC-03-Business Forms United States - NV - ACBSP-APC-03-Business Forms United States - ND - ACBSP-APC-03-Business Forms United States - NE - ACBSP-APC-03-Business Forms United States - NH - ACBSP-APC-03-Business Forms United States - NJ - ACBSP-APC-03-Business Forms United States - MT - ACBSP-APC-03-Business Forms United States - NC - ACBSP-APC-03-Business Forms United States - MI - ACBSP-APC-03-Business Forms United States - MN - ACBSP-APC-03-Business Forms United States - MO - ACBSP-APC-03-Business Forms United States - MS - ACBSP-APC-03-Business Forms United States - AK - ACBSP-APC-03-Business Forms United States - AL - ACBSP-APC-03-Business Forms United States - AR - ACBSP-APC-03-Business Forms United States - DE - ACBSP-APC-03-Business Forms United States - FL - ACBSP-APC-03-Business Forms United States - CO - ACBSP-APC-03-Business Forms United States - CT - ACBSP-APC-03-Business Forms United States - AZ - ACBSP-APC-03-Business Forms United States - CA - ACBSP-APC-03-Business Forms United States - MD - ACBSP-APC-03-Business Forms United States - ME - ACBSP-APC-03-Business Forms United States - KS - ACBSP-APC-03-Business Forms United States - KY - ACBSP-APC-03-Business Forms United States - LA - ACBSP-APC-03-Business Forms United States - MA - ACBSP-APC-03-Business Forms United States - IL - ACBSP-APC-03-Business Forms United States - IN - ACBSP-APC-03-Business Forms United States - IA - ACBSP-APC-03-Business Forms United States - ID - ACBSP-APC-03-Business Forms United States - GA - ACBSP-APC-03-Business Forms United States - HI - ACBSP-APC-03-Business Forms United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - 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OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 15 min. | |

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| *Provided is a list of important users of accounting information. Also provided are descriptions of a major need for accounting information that may be experienced by the various users. Identify the one user group that is most likely to have the need described. (Choices may be used more than once.)*   |  |  | | --- | --- | | a. | Investors | | b. | Management | | c. | Supplier | | d. | Banker | | e. | Government | | f. | Employees | | g. | Labor Union | | h. | Investors *and* Banker | | i. | Supplier *and* Banker |  |  |  | | --- | --- | | *DIFFICULTY:* | Difficulty: Challenging | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.1 - LO: 1-3 CORN.RICH.14.1.4 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Analytic United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - WA - ACBSP-APC-01-Purpose United States - WI - ACBSP-APC-01-Purpose United States - WV - ACBSP-APC-01-Purpose United States - WY - ACBSP-APC-01-Purpose United States - VA - ACBSP-APC-01-Purpose United States - VT - ACBSP-APC-01-Purpose United States - TX - ACBSP-APC-01-Purpose United States - UT - ACBSP-APC-01-Purpose United States - SD - ACBSP-APC-01-Purpose United States - TN - ACBSP-APC-01-Purpose United States - OR - ACBSP-APC-01-Purpose United States - PA - ACBSP-APC-01-Purpose United States - RI - ACBSP-APC-01-Purpose United States - SC - ACBSP-APC-01-Purpose United States - FL - ACBSP-APC-01-Purpose United States - GA - ACBSP-APC-01-Purpose United States - CT - ACBSP-APC-01-Purpose United States - DE - ACBSP-APC-01-Purpose United States - CA - ACBSP-APC-01-Purpose United States - CO - ACBSP-APC-01-Purpose United States - AK - ACBSP-APC-01-Purpose United States - AL - ACBSP-APC-01-Purpose United States - AR - ACBSP-APC-01-Purpose United States - AZ - ACBSP-APC-01-Purpose United States - OH - ACBSP-APC-01-Purpose United States - OK - ACBSP-APC-01-Purpose United States - NV - ACBSP-APC-01-Purpose United States - NY - ACBSP-APC-01-Purpose United States - NJ - ACBSP-APC-01-Purpose United States - NM - ACBSP-APC-01-Purpose United States - NE - ACBSP-APC-01-Purpose United States - NH - ACBSP-APC-01-Purpose United States - NC - ACBSP-APC-01-Purpose United States - ND - ACBSP-APC-01-Purpose United States - MS - ACBSP-APC-01-Purpose United States - MT - ACBSP-APC-01-Purpose United States - MN - ACBSP-APC-01-Purpose United States - MO - ACBSP-APC-01-Purpose United States - ME - ACBSP-APC-01-Purpose United States - MI - ACBSP-APC-01-Purpose United States - MA - ACBSP-APC-01-Purpose United States - MD - ACBSP-APC-01-Purpose United States - KY - ACBSP-APC-01-Purpose United States - LA - ACBSP-APC-01-Purpose United States - IN - ACBSP-APC-01-Purpose United States - KS - ACBSP-APC-01-Purpose United States - ID - ACBSP-APC-01-Purpose United States - IL - ACBSP-APC-01-Purpose United States - HI - ACBSP-APC-01-Purpose United States - IA - ACBSP-APC-01-Purpose United States - AR - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - WA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Application | | *NOTES:* | 1 min. | |

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| 216. The prospects for future dividend payments.   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| 217. Will I get a raise this year?   |  |  | | --- | --- | | *ANSWER:* | f | | *POINTS:* | 1 | |

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| 218. The profitability of the company based upon the Internal Revenue Code.   |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | |

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| 219. The effectiveness of the last advertising campaign.   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| 220. The exact amount of profit on each product of the company.   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| 221. The ability of the company to pay its debts as they become due.   |  |  | | --- | --- | | *ANSWER:* | i | | *POINTS:* | 1 | |

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| 222. The company's labor rate agree to the last contract.   |  |  | | --- | --- | | *ANSWER:* | g | | *POINTS:* | 1 | |

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| *Several items from the financial statements of Fireside Tires are listed. Use the following choices to identify the type of account for each item listed. (Choices may be used more than once.)*   |  |  | | --- | --- | | a. | Assets | | b. | Liabilities | | c. | Revenues | | d. | Expenses | | e. | Stockholders' Equity |  |  |  | | --- | --- | | *DIFFICULTY:* | Difficulty: Easy | | *REFERENCES:* | CS1-2 CS1-3 | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - AL - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - GA - ACBSP-APC-09-Financial Statement United States - HI - ACBSP-APC-09-Financial Statement United States - IA - ACBSP-APC-09-Financial Statement United States - ID - ACBSP-APC-09-Financial Statement United States - IL - ACBSP-APC-09-Financial Statement United States - IN - ACBSP-APC-09-Financial Statement United States - KY - ACBSP-APC-09-Financial Statement United States - KS - ACBSP-APC-09-Financial Statement United States - LA - ACBSP-APC-09-Financial Statement United States - MA - ACBSP-APC-09-Financial Statement United States - MD - ACBSP-APC-09-Financial Statement United States - ME - ACBSP-APC-09-Financial Statement United States - MI - ACBSP-APC-09-Financial Statement United States - MT - ACBSP-APC-09-Financial Statement United States - MS - ACBSP-APC-09-Financial Statement United States - MN - ACBSP-APC-09-Financial Statement United States - MO - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - 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WV - ACBSP-APC-09-Financial Statement United States - WY - ACBSP-APC-09-Financial Statement United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - ME - AICPA FN-Reporting United States - MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - 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VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 223. Inventory   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| --- | --- | --- | --- | --- |
| 224. Net sales   |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | |

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| 225. Unearned revenue   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| 226. Interest Income   |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | |

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| 227. Research and development expense   |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | |

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| 228. Accounts receivable   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| 229. Common stock   |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | |

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| 230. Long-term notes payable   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| 231. Cash   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| 232. Retained earnings   |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | |

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| --- | --- | --- | --- | --- |
| 233. Patents   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| *Match each statement to the item listed below.*   |  |  | | --- | --- | | a. | Cash flows from financing activities | | b. | Cash flows from investing activities | | c. | Cash flows from operating activities |  |  |  | | --- | --- | | *DIFFICULTY:* | Difficulty: Moderate | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.7 - LO: 1-7 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - MO - 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OR - ACBSP-APC-09-Financial Statement United States - PA - ACBSP-APC-09-Financial Statement United States - AR - AICPA FN-Reporting United States - AL - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - 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WI - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 234. Cash flows directly related to earning income   |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | |

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| 235. Cash flows related to obtaining capital for the company   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| 236. Cash flows related to the acquisition or sale of investment and long-term assets   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| *Match each statement to the item listed below.*   |  |  | | --- | --- | | a. | Current assets | | b. | Current liabilities | | c. | Gross margin | | d. | Income from operations | | e. | Intangible assets | | f. | Long-term investments | | g. | Long-term liabilities | | h. | Net profit margin |  |  |  | | --- | --- | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.5 - LO: 1-4 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - 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NE - ACBSP-APC-09-Financial Statement United States - ND - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - OH - ACBSP-APC-09-Financial Statement United States - PA - ACBSP-APC-09-Financial Statement United States - OR - ACBSP-APC-09-Financial Statement United States - SC - ACBSP-APC-09-Financial Statement United States - RI - ACBSP-APC-09-Financial Statement United States - SD - ACBSP-APC-09-Financial Statement United States - TX - ACBSP-APC-09-Financial Statement United States - TN - ACBSP-APC-09-Financial Statement United States - UT - ACBSP-APC-09-Financial Statement United States - VA - ACBSP-APC-09-Financial Statement United States - VT - ACBSP-APC-09-Financial Statement United States - WA - ACBSP-APC-09-Financial Statement United States - WI - ACBSP-APC-09-Financial Statement United States - WV - ACBSP-APC-09-Financial Statement United States - WY - ACBSP-APC-09-Financial Statement United States - AL - AICPA FN-Reporting United States - AR - AICPA FN-Reporting United States - AK - AICPA FN-Reporting United States - AZ - AICPA FN-Reporting United States - CA - AICPA FN-Reporting United States - CT - AICPA FN-Reporting United States - CO - AICPA FN-Reporting United States - FL - AICPA FN-Reporting United States - DE - AICPA FN-Reporting United States - GA - AICPA FN-Reporting United States - HI - AICPA FN-Reporting United States - IA - AICPA FN-Reporting United States - ID - AICPA FN-Reporting United States - IL - AICPA FN-Reporting United States - IN - AICPA FN-Reporting United States - KS - AICPA FN-Reporting United States - KY - AICPA FN-Reporting United States - LA - AICPA FN-Reporting United States - MA - AICPA FN-Reporting United States - MD - AICPA FN-Reporting United States - 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TX - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 1 min. | |

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| 237. Net sales less cost of goods sold expense   |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | |

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| 238. Resources that provide a benefit over a number of years but which lack physical substance   |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | |

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| 239. Investment in the debt and stock of other companies that is expected to be held for more than a year   |  |  | | --- | --- | | *ANSWER:* | f | | *POINTS:* | 1 | |

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| 240. Obligations that must be satisfied within a year   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| 241. Net income divided by sales revenue   |  |  | | --- | --- | | *ANSWER:* | h | | *POINTS:* | 1 | |

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| 242. Gross margin less operating expenses   |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | |

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| 243. Obligations that will require payment beyond one year   |  |  | | --- | --- | | *ANSWER:* | g | | *POINTS:* | 1 | |

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| 244. Cash and other resources that are expected to become cash or used up within a year’s time or less   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| *Match each statement to the item listed below.*   |  |  | | --- | --- | | a. | Audit report | | b. | Fiscal year | | c. | Financial statements | | d. | Management’s discussion and analysis | | e. | Notes to the financial statements |  |  |  | | --- | --- | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 CORN.RICH.14.1.4 - LO: 1-4 CORN.RICH.14.1.9 - LO: 1-9 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - OH - ACBSP-APC-09-Financial Statement United States - OK - ACBSP-APC-09-Financial Statement United States - NV - ACBSP-APC-09-Financial Statement United States - NY - ACBSP-APC-09-Financial Statement United States - NM - ACBSP-APC-09-Financial Statement United States - NJ - ACBSP-APC-09-Financial Statement United States - NH - ACBSP-APC-09-Financial Statement United States - NE - ACBSP-APC-09-Financial Statement United States - NC - ACBSP-APC-09-Financial Statement United States - 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NM - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WY - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 245. Section in the annual report that highlights favorable or unfavorable trends and significant risks facing the company   |  |  | | --- | --- | | *ANSWER:* | d | | *POINTS:* | 1 | |

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| 246. An accounting period that may or may not cover January 1 - December 31   |  |  | | --- | --- | | *ANSWER:* | b | | *POINTS:* | 1 | |

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| 247. Contains the auditor’s opinion as to whether the financial statements fairly present the company’s financial position and results of operations   |  |  | | --- | --- | | *ANSWER:* | a | | *POINTS:* | 1 | |

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| 248. A set of reports that communicate a company’s financial position and results of operations   |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | |

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| 249. Information that clarifies and expands upon the information presented in the financial statements   |  |  | | --- | --- | | *ANSWER:* | e | | *POINTS:* | 1 | |

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| *Match each statement to the item listed below.*   |  |  | | --- | --- | | a. | Financial Accounting Standards Board | | b. | Generally accepted accounting principles | | c. | International Accounting Standards Board | | d. | International financial reporting standards | | e. | Securities and Exchange Commission |  |  |  | | --- | --- | | *DIFFICULTY:* | Difficulty: Easy | | *LEARNING OBJECTIVES:* | CORN.RICH.14.1.3 - LO: 1-3 | | *NATIONAL STANDARDS:* | United States - BUSPROG: Communication - Communication | | *STATE STANDARDS:* | United States - AL - ACBSP-APC-09-Financial Statement United States - AK - ACBSP-APC-09-Financial Statement United States - AZ - ACBSP-APC-09-Financial Statement United States - CA - ACBSP-APC-09-Financial Statement United States - AR - ACBSP-APC-09-Financial Statement United States - CO - ACBSP-APC-09-Financial Statement United States - DE - ACBSP-APC-09-Financial Statement United States - CT - ACBSP-APC-09-Financial Statement United States - FL - ACBSP-APC-09-Financial Statement United States - 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MN - AICPA FN-Reporting United States - MI - AICPA FN-Reporting United States - MS - AICPA FN-Reporting United States - MO - AICPA FN-Reporting United States - NC - AICPA FN-Reporting United States - MT - AICPA FN-Reporting United States - NE - AICPA FN-Reporting United States - ND - AICPA FN-Reporting United States - NH - AICPA FN-Reporting United States - NJ - AICPA FN-Reporting United States - WY - AICPA FN-Reporting United States - WI - AICPA FN-Reporting United States - WV - AICPA FN-Reporting United States - NM - AICPA FN-Reporting United States - NV - AICPA FN-Reporting United States - NY - AICPA FN-Reporting United States - OH - AICPA FN-Reporting United States - OK - AICPA FN-Reporting United States - OR - AICPA FN-Reporting United States - RI - AICPA FN-Reporting United States - PA - AICPA FN-Reporting United States - SD - AICPA FN-Reporting United States - SC - AICPA FN-Reporting United States - TN - AICPA FN-Reporting United States - TX - AICPA FN-Reporting United States - VA - AICPA FN-Reporting United States - UT - AICPA FN-Reporting United States - VT - AICPA FN-Reporting United States - WA - AICPA FN-Reporting | | *KEYWORDS:* | Bloom's: Knowledge | | *NOTES:* | 2 min. | |

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| 250. Organization currently working to establish international financial reporting standards   |  |  | | --- | --- | | *ANSWER:* | c | | *POINTS:* | 1 | |