Financial Accounting Information for Decisions 10th edition Wild Test Bank

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Financial Accounting Information for Decisions 10th Edition by Wild CH01

ANSWERS ARE LOCATED AT THE END OF THIS DOCUMENT

FILL IN THE BLANK. Write the word or phrase that best completes each statement or answers the question.

1) _____ is an information and measurement system that identifies, records and communicates an organization's business activities.

1) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : Importance of Accounting
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

2) A _____ is a business that is owned by only one person and has unlimited liability.

2) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Legal
Difficulty : 1 Easy
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Decision Making
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

3) _____ users of accounting information do not directly run an organization and have limited access to its accounting information.

3) _____

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Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : Users of Accounting Information
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

4) _____ is the area of accounting that focuses on the needs of external users by providing them with general-purpose financial statements.

4) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : Users of Accounting Information
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

5) _____ are procedures to protect assets, ensure reliable accounting, promote efficiency, and uphold company policies.

5) _____

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Financial Accounting Information for Decisions 10th Edition by Wild CH01

Question Details
AACSB : Communication
AACSB : Ethics
Bloom's : Remember
AICPA : BB Legal
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

6) _____ are beliefs that separate right from wrong and are considered accepted standards of good and bad behavior.

6) _____

Question Details
AACSB : Communication
AACSB : Ethics
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

7) The assumption that requires that a business be accounted for separately from other business entities and its owner(s) is the _____ assumption.

7) _____

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Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

8) The _____ assumption assumes that a business will continue operating instead of being closed or sold.

8) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

9) The _____ assumption states that transactions and events are expressed in monetary, or money, units.

9) _____

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Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

10) The principle that requires that accounting information be based on actual cost is the _____.

10) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

11) A disadvantage of a sole proprietorship is the fact that the owner has _____.

11) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Legal
Difficulty : 1 Easy
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Decision Making
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

12) There are three sections of the statement of cash flows. _____ activities involve the long-term borrowing and repaying of cash from lenders.

12) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

13) There are three sections of the statement of cash flows. _____ activities involve buying and selling assets such as land and equipment that are held for long-term use.

13) _____

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Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

14) There are three sections of the statement of cash flows. _____ activities include payments for salaries, insurance, and rent.

14) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

15) Outflows of cash and other assets to owners that reduce equity are _____.

15) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

16) _____ are the increases in equity from a company's sales of products and services to customers.

16) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

17) A common characteristic of _____ is the expectation that they will yield future benefits.

17) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

18) Creditors' claims on assets that reflect company obligations to provide assets, products, or services to others are called _____.

18) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

19) The stockholders' claim on assets, also known as net assets, is called _____.

19) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

20) The accounting equation is _____.

20) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

21) The term _____ refers to a liability that promises a future outflow of resources.

21) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

22) Using the accounting equation, equity is equal to _____.

22) _____

Question Details
AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

23) _____ is the recording of transactions and events.

23) _____

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Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Topic : Importance of Accounting
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

24) _____ is net income divided by average total assets.

24) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

25) Return on assets is_____ divided by average total assets.

25) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
Difficulty : 1 Easy
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

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26) _____ reports changes in the stockholders' claim on the business's assets from net income or loss and dividends over a period of time.

26) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

27) The _____ describes a company's revenues and expenses along with the resulting net income or net loss over a period of time due to earnings activities.

27) _____

Question Details
AACSB : Communication
Bloom's : Remember
AICPA : BB Industry
AICPA : FN Reporting
Difficulty : 1 Easy
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

SHORT ANSWER. Write the word or phrase that best completes each statement or answers the question.

28) Explain the role of accounting in the information age.

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Question Details
AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Topic : Importance of Accounting
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Bloom's : Understand
AACSB : Technology
Difficulty : 2 Medium
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

29) What is the balance sheet? What is its purpose?

Question Details
AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

30) Identify the users and uses of accounting information.

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Question Details
AACSB : Communication
AICPA : BB Industry
Topic : Users of Accounting Information
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

31) Identify several opportunities in accounting and distinguish between private accounting and public accounting.

Question Details
AACSB : Communication
AICPA : BB Industry
Topic : Users of Accounting Information
Learning Objective : 01-C1 Explain the importance of accounting and identify its users.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

32) Explain why ethics are an integral part of accounting.

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Question Details
AACSB : Communication
AACSB : Ethics
AICPA : BB Industry
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

33) Describe the two important guidelines for revenue recognition.

Question Details
AACSB : Communication
AICPA : BB Industry
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

34) Identify the four basic forms of business organizations and their key attributes.

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Question Details
AACSB : Communication
AICPA : BB Industry
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Legal
Type : Static

35) Identify and describe the two main groups involved in establishing generally accepted accounting principles.

Question Details
AACSB : Communication
AICPA : BB Legal
AICPA : FN Reporting
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

36) How does the going-concern principle affect reporting asset values of a business?

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
AICPA : BB Industry
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

37) Describe the income statement and the relation between revenues, expenses, and net income or loss.

Question Details
AACSB : Communication
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

38) Explain the accounting equation and define its terms.

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Question Details
AACSB : Communication
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

39) What distinguishes liabilities from equity?

Question Details
AACSB : Communication
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

40) What is the purpose of return on assets as an analytical tool?

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Question Details
AACSB : Communication
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AICPA : BB Resource Management
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

41) Explain the cost-benefit constraint.

Question Details
AACSB : Communication
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
Topic : Generally Accepted Accounting Principles
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

42) Describe the three types of activities reported on the statement of cash flows.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

43) Identify and describe the four basic financial statements:

Question Details
AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

ESSAY. Write your answer in the space provided or on a separate sheet of paper.
44) The characteristics below apply to at least one of the forms of business organization.

a. Is a separate legal entity.
b. Is allowed to be owned by one person only.
c. Owner or owners are personally liable for debts of the business.
d. Is subject to an additional business income tax.
e. Has an unlimited life

Use the following format to indicate (with a "yes" or "no") whether or not a characteristic applies to each type of business organization.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

	Proprietorship	Partnership	Corporation	LLC
a.				
b.				
c.				
d.				
e.				

Question Details
AACSB : Communication
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Decision Making
Topic : Generally Accepted Accounting Principles
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

45) A parcel of land is offered for sale at $600,000, is recognized by its purchasers as easily being worth $575,000 and is sold for $570,000. At what amount should the land be recorded in the purchaser's books? What accounting principle supports your answer?

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01

Question Details
AICPA : BB Industry
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

46) You are reviewing the accounting records of Buddy's Foreign Automotive, owned by a Bruce Jones. You have uncovered the following situations. List the appropriate accounting principle or assumption related to each independent scenario and suggest a correct action for each.

1. In August, a check for $500 was written to Community Sports. This amount represents soccer camp for his daughter Cassie.
2. Bruce plans a Going Out of Business Sale for June, since he will be closing the business for a month-long vacation in July. He plans to reopen August 1 and will continue operating Buddy's Foreign Automotive indefinitely.
3. Buddy received a shipment of tools from Ontario, Canada. The invoice was stated in Canadian dollars.
4. Customer Sandy Lane paid $1,500 to Buddy for a major repair services. The amount was recorded by Buddy as revenue. The parts for the repair must be ordered from overseas and the service won't be complete until the following month.

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Question Details
AICPA : BB Industry
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Measurement
Topic : Generally Accepted Accounting Principles
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

47) At the beginning of the year, a company had $120,000 worth of liabilities. During the year, assets increased by $160,000 and at year-end they equaled $360,000. Liabilities decreased $20,000 during the year. Calculate the beginning and ending values of equity.

Question Details
AICPA : BB Industry
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

48) At the beginning of the period, a company had $350,000 worth of assets, $110,000 worth of liabilities, and $240,000 worth of equity. Assume the only change during the period was a $30,000 purchase of equipment by issuing a note payable. Show the accounting equation with the appropriate amounts at the end of the period.

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Question Details
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

49) The accounts of Odie Company had the following increases and decreases during the past year:

Account	Increase	Decrease
Cash	$ 25,000	
Accounts receivable		$ (5,000)
Accounts payable		(11,000)
Notes payable	16,000	

Except for net income, an investment of $3,000 by stockholders, and a cash dividend of $11,000 to stockholders, no other items affected stockholders' equity. Using the balance sheet equation, compute net income for the past year.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AICPA : BB Industry
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

50) The accounts of Mason Company at the end of the past year report the following amounts:

Accounts	Amount
Dividends	$ 15,500
Revenues	$ 97,000
Expenses	$ 43,800
Stock issuances	2,000

If the beginning equity for the year was $173,000, calculate the ending equity for Mason Company.

Question Details
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

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51) Cornelia's Closet has the following assets and liabilities for the dates given:

	October 1	October 31
Cash	$ 40,000	$ 60,000
Accounts Receivable	40,000	38,000
Accounts Payable	6,000	?

Also, its net income, for October 1 through October 31 was $20,000 and there were no stock issuances or dividends. Determine the equity at both October 1 and October 31.

Question Details
AICPA : BB Industry
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

52) If the liabilities of a company increased $92,000 during a period of time and equity in the business decreased $30,000 during the same period, did the assets of the company increase or decrease? By what amount?

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Financial Accounting Information for Decisions 10th Edition by Wild CH01

Question Details
AICPA : BB Industry
Bloom's : Understand
Difficulty : 2 Medium
AICPA : FN Measurement
Topic : The Accounting Equation
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

53) Soo Lin, the sole owner, began Internet Consulting and completed these transactions during April of the current year:

April 1 Invested $100,000 of her personal savings into a checking account opened in the name of the business in exchange for common stock.

April 2 Rented office space and paid $1,200 cash for the month of September.

April 3 Purchased office equipment for $30,000, paying $8,000 cash and agreeing to pay the balance in one year.

April 4 Purchased office supplies for $750 cash.

April 8 Completed work for a client and immediately collected $2,700 cash for the services.

April 15 Completed $3,600 services for a client on credit.

April 20 Received $3,600 from a client for the work completed on September 15.

April 30 Paid the office secretary's monthly salary, $3,000 cash.

April 30 The company paid $2,000 in cash dividends to Lin.

Show the effects of the above transactions on the components of the accounting equation. Use the following format for your answers. The first item is shown as an example.

Increase = I Decrease = D No effect = N

Date	Assets	Liabilities	Equity
Example:			
April 1	I	N	I

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AICPA : BB Industry
AICPA : FN Measurement
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

54) For each of the following transactions, identify the effects as reflected in the accounting equation. Use "+" to indicate an increase and "−" to indicate a decrease. Use "A", "L", and "E" to indicate assets, liabilities, and equity, respectively. Part A has been completed as an example.

a. L. Chester invested $100,000 in a corporation in exchange for +A +E **common stock.**

b. Land was purchased for $50,000. A down payment of $15,000 cash was made and a note was signed for the balance.

c. Services were rendered to customers for cash.

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d. A building was purchased for cash.

e. Supplies were purchased for cash.

f. Paid the office secretary's salary.

g. The amount owed on the land from Part (b) was paid.

Question Details
AICPA : BB Industry
AICPA : FN Measurement
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

55) The following schedule reflects shows the first month's transactions of the Green Construction Company, owned by Jennifer Green, its sole stockholder:

	Cash	+ Accounts Receivable	+ Supplies	+ Equipment	= Accounts Payable	+ Stockholder's Equity
1.	+20,000					+20,000
2.	−5,000			+5,000		
3.			+$1,500		+1,500	
4.	+3,000					+3,000
5.	+1,000	+1,500				+2,500
6.	−750				−750	
7.	+500	−500				

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8.	−1,200	+1,200	
9.	−2,000		−2,000

Provide descriptions for each transaction.

Question Details
AICPA : BB Industry
AICPA : FN Measurement
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

56) The accountant of Action Adventure Games prepared a balance sheet after every 10-day period. The only resources invested by the stockholder were at the start of the company on June 1. During June, the first month of operation, the following balance sheets were prepared:

ACTION ADVENTURE GAMES
Balance Sheet
June 10

Assets		**Equity**	
Cash	$ 60,000	**Common stock**	$ 60,000
Total assets	$ 60,000	**Total liabilities and equity**	$ 60,000

ACTION ADVENTURE GAMES
Balance Sheet
June 20

Assets		**Liabilities**	
Cash	$ 48,000	**Notes payable**	$ 18,000

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Land	10,000	**Equity**	
Building	20,000	**Common stock**	60,000
Total assets	$ 78,000	**Total liabilities and equity**	$ 78,000

ACTION ADVENTURE GAMES
Balance Sheet
June 30

Assets		**Liabilities**	
Cash	$ 51,000	**Accounts payable**	$ 2,000
Office supplies	2,000	**Notes payable**	18,000
Land	10,000	**Equity**	
Building	20,000	**Common stock**	60,000
		Retained earnings	3,000
Total assets	$ 83,000	**Total liabilities and equity**	$ 83,000

Required: Describe the nature of each of the four transactions that took place between the balance sheet dates shown. Assume only one transaction affected each account.

June 10 _____
June 20 _____
June 30 _____

Question Details
AICPA : BB Industry
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

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57) Compute the return on assets (ROA) for each of the following separate examples.

a. Net income equals $5,000; Average total assets equals $25,000.
b. Net income equals $1,200; Average total assets equals $12,000.
c. Net income equals $8,000; Average total assets equals $160,000.

Question Details
Difficulty : 2 Medium
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Bloom's : Apply
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

58) Prepare an April 30 balance sheet in proper form for Two Rivers Vending Service from the following alphabetical list of the accounts at April 30:

Accounts receivable	$ 10,000
Accounts payable	18,000
Building	28,000
Cash	10,000
Common Stock	20,000
Notes payable	47,000
Office equipment	12,000
Retained earnings	?
Trucks	55,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Create
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

59) Prepare a December 31 balance sheet in proper form for Smokey River Supplies from the following list of the accounts:

Cash	$ 10,000
Accounts receivable	8,000
Supplies	12,000
Equipment	35,000
Land	18,000
Accounts payable	13,000
Notes payable	41,000
Common stock	20,000
Retained earnings	9,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Bloom's : Understand
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

60) Prepare a December 31 balance sheet in proper form for Cane Property Management using the following accounts and amounts (some accounts may not be used):

Commissions earned	$ 40,000
Accounts payable	3,500
Accounts receivable	5,000
Common stock	60,000
Retained earnings	44,500
Office equipment	10,000
Advertising expense	3,200
Cash	7,500
Land	35,000
Notes payable	50,000
Office supplies	1,500
Salaries expense	12,000
Salaries payable	1,000
Building	1,00,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Create
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

61) From the information given below, prepare a November income statement, a November statement of retained earnings, and a November 30 balance sheet. On November 1 of the current year, Victoria Garza, the sole owner, began Garza Décor with an initial investment of $50,000 cash. On November 30, her records showed the following (alphabetically arranged) items and amounts.

Accounts payable	$ 12,000
Accounts receivable	19,000
Cash	21,200
Dividends	6,000
Fees earned	34,000
Notes payable	4,250
Office furnishings	40,000
Rent expense	9,600
Salaries expense	4,200
Telephone expense	250

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Create
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

62) Data for Kennedy Realty are as follows:

Total assets at January 1	$ 100,000
Total liabilities at January 1	35,000
Total revenues for the year	79,000
Total expenses for the year	47,000

Dividends of $30,000 were paid during the year. There were no stockholder investments. Using the above data, prepare Kennedy Realty's Statement of Retained Earnings for the year ended December 31.

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Create
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

Financial Accounting Information for Decisions 10th edition Wild Test Bank

63) Jet Styling has the following beginning cash balance and cash transactions for the month of January. Using this information prepare a statement of cash flows.

a. Beginning cash balance	$ 3,200
b. Cash investment by stockholders	15,000
c. Cash payment toward long-term loan	1,000
d. Cash payment of rent	1,800
e. Purchased equipment for cash	7,500
f. Purchased store supplies for cash	1,500
g. Cash collected from customers	7,750
h. Dividends	2,000
i. Cash payment of wages	4,000

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Create
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

64) At the end of its first year of operations, the records of Roadmaster Auto Rentals show the following information. $52,000 of cash dividends were paid during the year. Prepare a December income statement, a December statement of retained earnings, and a December 31 balance sheet.

Accounts payable	$ 36,000
Insurance expense	2,000
Accounts receivable	24,000
Common stock	150,000
Airplanes	150,000
Notes payable	47,000
Hangar	60,000
Wages expense	75,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Advertising expense	22,000
Cash	11,000
Office furniture	15,000
Maintenance expense	39,000
Revenues	217,000

Question Details
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Difficulty : 3 Hard
Bloom's : Create
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

65) Verity Siding Company, owned by S. Verity, its sole stockholder, began operations in May and completed the following transactions during that first month of operations. Show the effects of the transactions on the accounts of the accounting equation by recording increases and decreases in the appropriate columns in the table below. Do not determine new account balances after each transaction. Determine the final total for each account and verify that the equation is in balance.

May 1	S. Verity invested $90,000 cash in the company in exchange for common stock.
May 2	The

Financial Accounting Information for Decisions 10th edition Wild Test Bank

company purchased $25,000 in office equipment. It paid $10,000 in cash and signed a note payable promising to pay the $15,000 over the next three years.

May 2 The company rented office space and paid $3,000 for the May rent.

May 6 The company installed new vinyl siding for a customer and immediately

Financial Accounting Information for Decisions 10th edition Wild Test Bank

	collected $5,000.
May 7	The company paid a supplier $2,000 for siding materials used on the May 6 job.
May 8	The company purchased a $2,500 copy machine for office use on credit.
May 9	The company completed work for additional customers on credit in the amount of $16,000.
May 15	The company paid its

Financial Accounting Information for Decisions 10th edition Wild Test Bank

	employees' salaries $2,300 for the first half of the month.
May 17	The company installed new siding for a customer and immediately collected $2,400.
May 20	The company received $10,000 in payments from the customers billed on May 9.
May 28	The company paid $1,500 on the copy machine purchased on May 8. It

Financial Accounting Information for Decisions 10th edition Wild Test Bank

	will pay the remaining balance in June.
May 31	The company paid its employees' salaries $2,400 for the second half of the month.
May 31	The company paid a supplier $5,300 for siding materials used on the remaining jobs completed during May.
May 31	The company paid $450 for this month's utility bill.

Assets =	**Liabilities +**	**Equity**

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01

Date	Cash	Receivable	Equipment	Accounts Payable	Notes Payable	Common Stock	Dividends	Revenues	Expenses
May 1									
May 2									
May 2									
May 6									
May 7									
May 8									
May 9									
May 15									
May 17									
May 20									
May 28									
May 31									
May									

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01

31 May 31	$	$	$	$	$	$	$	$	$

Question Details
AICPA : BB Industry
AICPA : FN Reporting
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Bloom's : Analyze
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01
Answer Key

Test name: CH01

1) Accounting
2) Sole proprietorship
3) External
4) Financial accounting
5) Internal controls
6) Ethics
7) business entity
8) going-concern
9) monetary unit
10) Measurement (Cost) principle
11) unlimited liability
12) Financing
13) Investing
14) Operating
15) dividends
16) Revenues
17) assets
18) liabilities
19) equity
20) Assets = Liabilities + Equity
21) payable
22) assets minus liabilities
23) Record-keeping or Bookkeeping
24) Return on assets
25) net income

Financial Accounting Information for Decisions 10th edition Wild Test Bank

26) The statement of retained earnings

27) income statement

28) Accounting is an information and measurement system. It identifies, records, and communicates relevant, reliable and comparable information about business activities. Accounting also includes the crucial process of analysis and interpretation. It is part of our everyday lives, through such activities as banking, paying taxes, and receiving payroll checks. Technology plays a major role in accounting by reducing the time effort and cost or recordkeeping while improving clerical accuracy.

29) The balance sheet is one of the four required financial statements a company prepares periodically. It describes a company's financial position by listing the types and amounts of assets, liabilities, and equity of a business at a specified point in time. The statement's purpose is to provide information that helps users assess the financial condition of the business.

30) There are two general types of users of accounting information. Internal users are managers and officers of businesses. They require information about business activities in order to make decisions about planning, monitoring, and control. External users rely on financial statements to make business decisions. These users include lenders, and shareholders. Lenders need information for measuring the risk and return of loans. Shareholders need information for assessing the risk and return in owning shares.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

31) The four broad areas of accounting are financial accounting, managerial accounting, taxation and other accounting related employment. The majority of the employment opportunities are in private accounting where employees work for businesses. Private sector jobs would include general accounting, taxation, budgeting, and cost accounting activities. Public accounting offers opportunities to perform work such as auditing, tax services, and consulting.

32) The purpose of accounting is to provide useful information for decision makers. For information to be useful, it must be trusted. This requires ethical behavior by accountants and managers in all phases of gathering, analyzing and reporting financial information so that good decisions are made.

33) The two important guidelines for revenue recognition include: Revenue is recognized (1) when goods or services are provided to customers and (2) at the amount expected to be received from the customer. Assets received from selling products and services do not need to be in cash. Revenue recognized is measured by cash received plus the cash equivalent of other assets received.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

34) The four basic forms of business organizations are sole proprietorships, partnerships, corporations, and limited liability companies (LLC). Sole proprietorships are businesses owned by one person. They are separate entities for accounting purposes but are not separate from the owner legally or for tax purposes. Partnerships are businesses owned by two or more people who are jointly liable for tax and other obligations. Corporations are businesses legally separate from their owners, making them responsible for their own acts and own debts. They are also subject to an additional corporate tax. Corporations conduct business with the rights, duties and responsibilities of a person. Limited liability companies owned by one or more 'members'. LLCs are legally separate from their owners; the owners have limited liability and do not pay taxes.

35) The Financial Accounting Standards Board (FASB) is the private-sector group that has been delegated the task to set both the broad and specific principles of GAAP. The Securities and Exchange Commission (SEC) is a government agency that has the legal authority to set GAAP and oversees proper use of GAAP by companies that issue stock and debt to the public.

36) The going-concern principle means that financial statements reflect an assumption that the business continues in operation instead of being closed or sold. Assets are therefore reported at cost rather than at liquidation value.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

37) The income statement describes a company's revenues and expenses along with the resulting net income or loss over a period of time due to earnings activities. Revenues are the increases in equity from sales of products and services to customers. Expenses are the costs of providing products and services to customers. When revenues exceed expenses, net income occurs. When expenses exceed revenues, a net loss occurs.

38) The accounting equation is stated as: Assets = Liabilities + Equity. Assets are resources owned or controlled by a business that are expected to provide future benefit. Creditors' claims on assets are called liabilities. Stockholders' claims on assets are called equity. The accounting equation shows that the resources (assets) of the business equal the source of funds to acquire and the claims against those resources.

39) Liabilities are creditors' claims on assets. They reflect obligations to transfer assets or provide products or services to others in a future outflow of resources. Equity is stockholders' claim to assets. It includes the investments of stockholders and what the company earns on the stockholders' behalf. Equity is also called net assets or residual interest.

40) Return on assets is useful in evaluating management, analyzing and forecasting profits, and planning activities. It shows the effectiveness of using assets to earn profit.

41) The cost-benefit constraint says that information disclosed by an entity must have benefits to the user that are greater than the costs of providing it.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

42) The three types of activities reported in the statement of cash flows are (1) operating, which involve using cash to research, develop, purchase, produce, distribute, and market products and services as well as receiving cash from selling products and services; (2) investing, which represent the cash inflows and outflows from the purchase and sale of long-term assets, and (3) financing, which are the cash inflows and cash outflows related to stockholder investments and dividends and long-term borrowing and repaying cash from lending.

43) The four basic financial statements are the balance sheet, income statement, statement of retained earnings, and statement of cash flows. The balance sheet describes the company's financial position and lists the types and amounts of assets, liabilities, and equity at a point in time. The income statement describes the company's revenues, expenses, and net income over a period of time. The statement of retained earnings explains changes in equity from net income or loss, and dividends over a period of time. The statement of cash flows reports on cash flows for operating, investing, and financing activities over a period of time.

44)

	Proprietorship	Partnership	Corporation	LLC
a.	no	no	yes	yes
b.	yes	no	yes	yes
c.	yes	yes	no	no
d.	no	no	yes	no
e.	no	no	yes	yes

45) $570,000. The Measurement (Cost) principle requires the acquisition of an asset to be recorded in the accounting records at cost.

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46) 1. Business entity assumption. Buddy should refund the $500 to the business or record it as a dividend. In the future, he should use a personal check to pay for soccer camp.
2. Going-concern assumption. Buddy's Foreign Automotive is not going out of business. The business is just closing for vacation. He could hold an appropriate sale to generate extra business before going on vacation.
3. Monetary unit assumption. The invoice should be restated in U.S. dollars for accounting purposes.
4. Revenue recognition principle. Since the service has not been completed, revenue should not be recognized. The $1,500 should be placed in an account such as Deposits Received from Customers (a type of unearned revenue) until the service is completed.

47) Beginning equity = $80,000; Ending equity = $260,000

Beginning Assets = Beginning Liabilities + Beginning Equity
$200,000 = $120,000 + $80,000

Ending Assets = Ending Liabilities + Ending Equity
$360,000 = $100,000 + $260,000

48) $380,000 = $140,000 + $240,000

Ending assets = $350,000 + $30,000
Ending liabilities = $110,000 + $30,000
Ending equity = $240,000 (no change)

Financial Accounting Information for Decisions 10th edition Wild Test Bank

49) Assets = Liabilities + Stockholders' Equity
Assets Increased by $20,000; Liabilities Increased by $5,000;
Therefore, Equity needs to Increase by $15,000.

Change in Equity = Contributed Capital + Net Income − Dividends
Increase of $15,000 = $3,000 + Net Income − $11,000
$15,000 = Net Income − $8,000
Net Income = $23,000

50) Beginning Equity + Stock issuances − Dividends + Revenues − Expenses = Ending Equity
$173,000 + $2,000 − $15,500 + $97,000 − $43,800 = $212,700

51) October 1 st Equity = $74,000; October 31 st Equity = $94,000

Total assets:

	October 1	October 31
Cash	$ 40,000	$ 60,000
Accounts Receivable	40,000	38,000
Total assets	$ 80,000	$ 98,000

At October 1:
Assets = Liabilities + Equity
$80,000 = $6,000 + Equity
Equity = $74,000

At October 31:

Equity, October 1	$ 74,000
Plus October net income	20,000
Equity, October 31	$ 94,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

At October 31:
Assets = Liabilities + Equity
$98,000 = $4,000 + $94,000
Liabilities = $4,000

52) Assets increased by $62,000.

Change in Assets = Change in Liabilities + Change in Equity
$62,000 = $92,000 − $30,000

53)

Date	Assets	Liabilities	Equity
April 1	I	N	I
April 2	D	N	D
April 3	I,D	I	N
April 4	I,D	N	N
April 8	I	N	I
April 15	I	N	I
April 20	I,D	N	N
April 30	D	N	D
April 30	D	N	D

54) a. +A +E
b. +A +L
c. +A +E
d. +A −A
e. +A −A
f. −A −E
g. −A −L

Financial Accounting Information for Decisions 10th edition Wild Test Bank

55) 1. Investment of cash in business by stockholder or performed services for cash.
2. Purchased equipment for cash.
3. Purchased supplies on credit.
4. Investment of cash in business by stockholder or performed services for cash.
5. Performed services for both cash and on credit.
6. Paid accounts payable.
7. Received cash for an account receivable.
8. Purchased supplies for cash.
9. Paid cash dividends or paid expense of business.

56)

June 10	The stockholder invested $60,000 cash in the company.
June 20	Land and building were purchased for $12,000 cash and an $18,000 note payable.
June 30	Office supplies were purchased for $2,000 on account. Cash was received for $3,000 of services provided.

57) a. 20%
b. 10%
c. 5%

58)

TWO RIVERS VENDING SERVICE
Balance Sheet
April 30

Assets		**Liabilities**	
Cash	$ 10,000	**Accounts payable**	$ 18,000
Accounts receivable	10,000	**Notes payable**	47,000
Office supplies	12,000	**Total liabilities**	$ 65,000
Building	28,000	**Equity**	

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Trucks	55,000	**Common stock**	20,000
		Retained earnings	30,000
Total assets	$ 115,000	**Total liabilities and equity**	$ 115,000

59)

SMOKEY RIVER SUPPLIES
Balance Sheet
December 31

Assets		**Liabilities**	
Cash	$ 10,000	**Accounts payable**	$ 13,000
Accounts receivable	8,000	**Notes payable**	41,000
Supplies	12,000	**Total liabilities**	$ 54,000
Equipment	35,000	**Equity**	
Land	18,000	**Common stock**	20,000
		Retained earnings	9,000
Total assets	$ 83,000	**Total liabilities and equity**	$ 83,000

60)

CANE PROPERTY MANAGEMENT
Balance Sheet
December 31

Assets		**Liabilities**	
Cash	$ 7,500	**Accounts payable**	$ 3,500
Accounts receivable	5,000	**Salaries payable**	1,000
Office supplies	1,500	**Notes payable**	50,000
Land	35,000	**Total liabilities**	$ 54,500
Building	100,000	**Equity**	
Office equipment	10,000	**Common stock**	60,000
		Retained earnings	44,500
Total assets	$ 159,000	**Total liabilities and equity**	$ 159,000

61)

GARZA DÉCOR

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Income Statement
For Month Ended November 30

Revenue:		
Fees earned		$ 34,000
Operating expenses:		
Rent expense	$ 9,600	
Salaries expense	4,200	
Telephone expense	250	14,050
Net income		$ 19,950

GARZA DÉCOR
Statement of Retained earnings
For Month Ended November 30

Retained earnings, November 1	$ 0
Plus: Net income	19,950
	19,950
Less: dividends	(6,000)
Retained earnings, November 30	$ 13,950

GARZA DÉCOR
Balance Sheet
November 30

Assets		**Liabilities**	
Cash	$ 21,200	**Accounts payable**	$ 12,000
Accounts receivable	19,000	**Notes payable**	4,250
Office furnishings	40,000	**Total liabilities**	$ 16,250
		Equity	
		Common stock	50,000
		Retained earnings	13,950
Total assets	$ 80,200	**Total liabilities and equity**	$ 80,200

62)

Financial Accounting Information for Decisions 10th edition Wild Test Bank

KENNEDY REALTY
Statement of Retained earnings
For year Ended December 31

Retained earnings, January 1*	$ 65,000*
Plus: Net income	32,000
	$ 97,000
Less: dividends	(30,000)
Retained earnings, December 31	$ 67,000
***Total assets at January 1**	$ 100,000
Less total liabilities at January 1	35,000
Total stockholders' equity at January 1	$ 65,000

63)

Jet Styling
Statement of Cash Flows
For Month Ended January 31

Cash flows from operating activities:		
Cash collected from customers	$ 7,750	
Cash paid for supplies	(1,500)	
Cash paid for rent	(1,800)	
Cash paid for wages	(4,000)	
Cash flows from operating activities		$ 450
Cash flows from investing activities:		
Purchase of equipment		(7,500)
Cash flows from financing activities:		
Investment by stockholders	15,000	
Dividends	(2,000)	
Payment of loan	(1,000)	
Cash flows from financing activities		12,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Net increase in cash	$ 4,950
Beginning cash balance	3,200
Ending cash balance	$ 8,150

64)

ROADMASTER AUTO RENTALS
Income Statement
For Year Ended December 31

Revenue		$ 217,000
Expenses:		
Insurance expense	$ 2,000	
Wages expense	75,000	
Advertising expense	22,000	
Maintenance expense	39,000	
Total expenses		$ 138,000
Net income		$ 79,000

ROADMASTER AUTO RENTALS
Statement of Retained earnings
For Year Ended December 31

Retained earnings, January 1	$ 0
Add: Net income	79,000
Less: Dividends	(52,000)
Retained earnings, December 31	$ 27,000

ROADMASTER AUTO RENTALS
Balance Sheet
December 31

Assets		**Liabilities**	
Cash	$ 11,000	**Accounts payable**	$ 36,000
Accounts receivable	24,000	**Notes payable**	47,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Airplanes	150,000	**Total liabilities**	$ 83,000
Hangar	60,000	**Equity**	
Office furniture	15,000	**Common stock**	150,000
		Retained earnings	27,000
Total assets	$ 260,000	**Total liabilities and equity**	$ 260,000

65)

	Assets =			Liabilities +		Equity			
Date	**Cash**	**Accounts Receivable**	**Equipment**	**Accounts Payable**	**Notes Payable**	**Common Stock**	**Dividends**	**Revenues**	**Expenses**
May 1	90,000					90,000			
May 2	(10,000)		25,000		15,000				
May 2	(3,000)								(3,000)
May 6	5,000							5,000	
May 7	(2,000)								(2,000)
May 8			2,500	2,500					
May 9		16,000						16,000	
May 15	(2,300)								(2,300)
May 17	2,400							2,400	

Financial Accounting Information for Decisions 10th edition Wild Test Bank

May 20	10,000	(10,000)						
May 28	(1,500)			(1,500)				
May 31	(2,400)							(2,400)
May 31	(5,300)							(5,300)
May 31	(450)							(450)
	80,450	6,000	27,500	1,000	15,000	90,000	0	23,400	(15,450)

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Financial Accounting Information for Decisions 10th Edition by Wild CH01B

ANSWERS ARE LOCATED AT THE END OF THIS DOCUMENT

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) Accounting is an information and measurement system that identifies, records, and communicates an organization's business activities.

1) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Topic : Importance of Accounting
Type : Static

2) Recordkeeping, or bookkeeping, is the recording of transactions and events, either manually or electronically. This is just one part of accounting.

2) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Topic : Importance of Accounting
Type : Static

3) Accounting includes the analysis and interpretation of information.

3) _____

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◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Topic : Importance of Accounting
Type : Static

4) Financial accounting focuses on the needs of external users, who get accounting information from general-purpose financial statements.

4) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information

5) Internal users of accounting information do *not* directly run the organization and have limited access to its accounting information.

5) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information

6) Auditors verify the effectiveness of internal controls.

6) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information

7) External auditors examine financial statements to verify that they are prepared according to generally accepted accounting principles.

7) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information

8) External users include lenders, shareholders, customers, and regulators.

8) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand

9) Regulators have legal authority over certain activities of organizations.

9) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
AICPA : BB Legal

10) Internal users include lenders, shareholders, brokers, and nonexecutive employees.

10) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand

11) Opportunities in accounting include auditing, consulting, market research, and tax planning.

11) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand

12) Ethics is defined as maximizing personal wealth, regardless the cost.

12) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.

13) The fraud triangle shows three factors that push a person to commit fraud are opportunity, effective internal controls, and ethics.

13) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting

14) The fraud triangle shows that three factors that push a person to commit fraud are opportunity, pressure, and rationalization.

14) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.

15) Internal controls are procedures to protect assets, ensure reliable accounting, promote efficiency, and uphold company policies.

15) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting

16) A partnership is a business owned by two or more people.

16) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

17) Owners of a corporation are called shareholders or stockholders.

17) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

18) In a partnership the owners are called stockholders.

18) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

19) The balance sheet shows a company's net income or loss over a period of time.

19) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

20) The Financial Accounting Standards Board (FASB) is given the task of setting generally accepted accounting principles (GAAP) from the Securities and Exchange Commission.

20) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

21) The business entity assumption means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

21) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

22) General principles are the basic assumptions, concepts, and guidelines for preparing financial statements.

22) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

23) The business entity assumption means that a business is accounted for separately from other business entities and its owner(s).

23) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

24) As a general rule, revenues should not be recognized in the accounting records when earned, but rather when cash is received.

24) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

25) Specific accounting principles are basic assumptions, concepts, and guidelines for preparing financial statements and arise out of long-used accounting practice.

25) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

26) Limited liability and indefinite business life are characteristics of a corporation.

26) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

27) A sole proprietorship is a business with multiple owners.

27) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

28) Unlimited liability and separate taxation of the business are advantages of a sole proprietorship.

28) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

29) A partnership must pay an additional business income tax.

29) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

30) Objectives, qualitative characteristics, elements, and recognition and measurement are components of the FASB conceptual framework.

30) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

31) Objectivity means that information is supported by independent, unbiased evidence

31) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

32) The going-concern assumption presumes that a business will continue operating instead of being closed or sold.

32) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

33) The measurement principle (cost principle) prescribes that accounting information is based on subjective opinion rather than cost.

33) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

34) The monetary unit assumption means that companies should express transactions in terms such as "a lot" or "very little".

34) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement
AICPA : BB Global

35) The International Accounting Standards Board (IASB) issues International Financial Reporting Standards (IFRS) that identify preferred accounting practices.

35) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement
AICPA : BB Global

36) A limited liability company (LLC) offers the limited liability of a partnership or proprietorship and the tax treatment of a corporation.

36) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

37) A limited liability company (LLC) offers the limited liability of a corporation and the tax treatment of a partnership or proprietorship.

37) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

38) The Securities and Exchange Commission (SEC) is a U.S. government agency that oversees proper use of GAAP by companies that sell stock and debt to the public.

38) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

39) The four common forms of business ownership include sole proprietorship, partnership, corporation, and non-profit.

39) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

40) The four common forms of business ownership include sole proprietorship, partnership, limited liability company (LLC), and corporation.

40) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

41) The statement of cash flows reports cash flows from operating activities, financing activities, and investing activities.

41) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

42) The statement of cash flows contains a section that presents cash flows from investing activities.

42) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : BB Critical Thinking

43) Financing activities on the statement of cash flows include long-term borrowing and repaying of cash from lenders.

43) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : BB Critical Thinking

44) Investing activities on the statement of cash flows include long-term borrowing and repaying of cash from lenders.

44) _____

- ◎ true
- ◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

45) Investing activities on the statement of cash flows include buying equipment that is held for long-term use.

45) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

46) Return on assets equals total revenues divided by average total assets.

46) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets

47) Revenues increase equity (via net income) from sales of products and services to customers.

47) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

48) A net loss occurs when revenues exceed expenses.

48) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AICPA : BB Critical Thinking
AACSB : Analytical Thinking

49) Net income occurs when revenues exceed expenses.

49) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AICPA : BB Critical Thinking
AACSB : Analytical Thinking

50) Liabilities are owners' claims on assets.

50) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

51) Assets are the resources a company owns or controls and are expected to yield future benefits.

51) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

52) Dividends are subtracted as expenses in the calculation of net income.

52) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

53) The accounting equation can be restated as: Assets − Equity = Liabilities.

53) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

54) The accounting equation can be restated as: Assets + Liabilities = Equity.

54) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

55) Stock issuances are increases in equity from the sale of products or services.

55) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
AICPA : BB Critical Thinking
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

56) Every business transaction leaves the accounting equation in balance.

56) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

57) An external transaction is an exchange within an entity that may or may not affect the accounting equation.

57) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : FN Measurement
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

58) From an accounting perspective, an event is a happening that affects the accounting equation but cannot be measured.

58) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

59) Equity is increased when cash is received from customers in payment of previously recorded accounts receivable.

59) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

60) Owner investments increase equity via net income.

60) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

61) Return on assets is often stated in ratio form as the amount of average total assets divided by revenue.

61) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management

62) Return on assets is often stated in ratio form as the amount of net income divided by average total assets.

62) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management

63) Return on assets helps evaluate if management is effectively using assets to generate net income.

63) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AICPA : BB Resource Management

64) Arrow's net income of $108 million and average total assets of $500 million results in a return on assets of 21.60%.

64) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Type : Algorithmic

65) Arrow's net income of $120 million and average total assets of $1,500 million results in a return on assets of 8%.

65) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management

66) Net income occurs when expenses are greater than revenues.

66) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AACSB : Reflective Thinking

67) A net loss occurs when liabilities are greater than assets.

67) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement
AACSB : Reflective Thinking

68) Owner investments and dividends are not part of net income.

68) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : BB Critical Thinking
AACSB : Reflective Thinking
AICPA : FN Risk Analysis

69) The four basic financial statements include the balance sheet, income statement, statement of retained earnings, and statement of cash flows.

69) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

70) An income statement reports on investing and financing activities.

70) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

71) A balance sheet covers activities over a period of time such as a month or year.

71) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

72) The income statement reports revenues and expenses and computes net income or loss over a period of time.

72) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

73) The statement of cash flows shows the net effect of revenues and expenses for a reporting period.

73) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

74) The income statement shows the financial position of a business on a specific date.
74) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

75) The first section of the income statement reports cash flows from operating activities.
75) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

76) The left side of the balance sheet lists a company's assets.

76) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

77) Investing activities on the statement of cash flows involve selling assets such as equipment that is held for long-term use.

77) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

78) Operating activities on the statement of cash flows include long-term borrowing and repaying cash from lenders, stockholder investments and dividends paid to stockholders.

78) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

79) The purchase of supplies appears on the statement of cash flows as an investing activity because it involves the purchase of assets.

79) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

80) The income statement reports on operating activities at a point in time.

80) _____

◎ true
◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

81) The statement of cash flows identifies cash flows over a period of time and separates them into operating, investing, and financing activities.

81) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

82) Ending retained earnings, reported on the statement of retained earnings, is computed by adding cash flows and net income and subtracting net losses and dividends.

82) _____

- ◎ true
- ◎ false

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : BB Critical Thinking
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

83) The cost-benefit constraint prescribes that only information with benefits of disclosure less than the costs of providing it, need be disclosed.

83) _____

- ◎ true
- ◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

84) The cost-benefit constraint says that information disclosed must have benefits to the user that are greater than the costs of providing it.

84) _____

◎ true
◎ false

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

85) Net income is sometimes called earnings or profit.

85) _____

◎ true
◎ false

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

86) Accounting is an information and measurement system that does all of the following *except*:

86) _____

A) Identifies business activities.
B) Records business activities.
C) Communicates business activities.
D) Eliminates the need for interpreting financial data.
E) Helps people make better decisions.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Topic : Importance of Accounting
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Analytical Thinking

87) Which of the following is an external user of accounting information?

87) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Purchasing manager.
B) Human resource manager.
C) Lender.
D) Chief executive officer (CEO).
E) Marketing manager.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Technology
AICPA : FN Leveraging Technology

88) The primary objective of financial accounting is to:

88) _____

A) Serve the decision-making needs of internal users.
B) Provide accounting information that serves external users.
C) Monitor consumer needs, tastes, and price concerns.
D) Provide information on both the costs and benefits of looking after products and services.
E) Know what, when, and how much product to produce.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting

89) The area of accounting aimed at serving the decision-making needs of internal users is:
89) _____

A) Financial accounting.
B) Managerial accounting.
C) External auditing.
D) SEC reporting.
E) Bookkeeping.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
AICPA : FN Reporting

90) External users of accounting information include all of the following *except*:
90) _____

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A) Shareholders.
B) Customers.
C) Purchasing managers.
D) Government regulators.
E) Creditors.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting

91) Which of the following is not true regarding a Certified Public Accountant?

91) _____

A) Must meet education and experience requirements.
B) Must pass an examination.
C) Must exhibit ethical character.
D) May also be a Certified Management Accountant.
E) Cannot hold any certificate other than a CPA.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information

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92) Which of the following factors is not a component of the fraud triangle?

92) _____

A) Opportunity
B) Pressure
C) Rationalization
D) Summarization.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting

93) Which of the following is *false* regarding ethics?

93) _____

A) Ethics are beliefs that separate right from wrong.
B) Good ethics are good business.
C) Ethics do not affect the operations or outcome of a company.
D) Accountants face ethical choices as they prepare financial reports.
E) Ethics are accepted standards of good and bad behavior.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.

94) A corporation is:

94) _____

A) A business legally separate from its owners.
B) Controlled by the FASB.
C) Not responsible for its own acts and own debts.
D) The same as a limited liability partnership.
E) Not subject to double taxation.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles

95) The group that sets international preferred accounting practices is called the:

95) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) AICPA.
B) IASB.
C) CAP.
D) SEC.
E) FASB.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles
AICPA : BB Global

96) The Securities and Exchange Commission (SEC) has given the task of setting GAAP to the:

96) _____

A) APB.
B) FASB.
C) AAA.
D) AICPA.
E) IASB.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

97) The accounting concept that requires every business to be accounted for separately from other business entities, including its owner(s), is known as the:

97) _____

A) Time period assumption.
B) Business entity assumption.
C) Going-concern assumption.
D) Revenue recognition principle.
E) Measurement (Cost) principle.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

98) The rule that requires financial statements to reflect the assumption that a business will continue operating instead of being closed or sold is the:

98) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Going-concern assumption.
B) Business entity assumption.
C) Objectivity principle.
D) Measurement (Cost) principle.
E) Monetary unit assumption.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

99) If a company is considering the purchase of a parcel of land that was originally acquired by the seller for $87,000 is currently offered for sale at $154,000, is considered by the purchaser as easily being worth $144,000, and is finally purchased for $141,000, the land should be recorded in the purchaser's books at:

99) _____

A) $97,000.
B) $141,000.
C) $142,500.
D) $144,000.
E) $154,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement
AACSB : Analytical Thinking
Type : Algorithmic
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.

100) If a company is considering the purchase of a parcel of land that was originally acquired by the seller for $85,000, is currently offered for sale at $150,000, is considered by the purchaser as easily being worth $140,000, and is finally purchased for $137,000, the land should be recorded in the purchaser's books at:

100) _____

A) $95,000.
B) $137,000.
C) $138,500.
D) $140,000.
E) $150,000.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement
AACSB : Analytical Thinking

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Financial Accounting Information for Decisions 10th Edition by Wild CH01B

101) To include the personal assets and transactions of a business's owner(s) in the records and reports of the business would be in conflict with the:

101) _____

A) Objectivity principle.
B) Monetary unit assumption.
C) Business entity assumption.
D) Going-concern assumption.
E) Revenue recognition principle.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

102) The accounting principle that requires accounting information to be based on actual cost and requires assets and services to be recorded initially at the cash or cash-equivalent amount given in exchange, is the:

102) _____

A) Accounting equation.
B) Measurement (Cost) principle.
C) Going-concern assumption.
D) Cost-benefit constraint.
E) Business entity assumption.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

103) The rule that requires revenue to be recognized (1) when goods or services are provided to customers and (2) at the amount expected to be received from the customer is called the:

103) _____

A) Going-concern assumption.
B) Measurement (Cost) principle.
C) Revenue recognition principle.
D) Objectivity principle.
E) Business entity assumption.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

Financial Accounting Information for Decisions 10th edition Wild Test Bank

104) The question of when revenue should be recognized on the income statement according to generally accepted accounting principles (GAAP) is addressed by the:

104) _____

A) Revenue recognition principle.
B) Going-concern assumption.
C) Objectivity principle.
D) Business entity assumption.
E) Measurement (Cost) principle.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

105) The Superior Company acquired a building for $500,000. The building was appraised at a value of $575,000. The seller had paid $300,000 for the building 6 years ago. Which accounting principle would require Superior to record the building on its records at $500,000?

105) _____

A) Monetary unit assumption.
B) Going-concern assumption.
C) Measurement (Cost) principle.
D) Business entity assumption.
E) Revenue recognition principle.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement
AACSB : Analytical Thinking

106) On December 15 of the current year, Conrad Accounting Services received $40,000 from a client to provide bookkeeping services for the client in the following year. Which accounting principle would require Conrad Accounting Services to record the bookkeeping revenue in the following year and not in the year the cash was received?

106) _____

A) Monetary unit assumption.
B) Going-concern assumption.
C) Measurement (Cost) principle.
D) Business entity assumption.
E) Revenue recognition principle.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

Financial Accounting Information for Decisions 10th edition Wild Test Bank

107) Marsha Bogswell is the sole shareholder of Bogswell Legal Services. Which accounting principle requires Marsha to keep her personal financial information separate from the financial information of Bogswell Legal Services?

107) _____

A) Monetary unit assumption.
B) Going-concern assumption.
C) Measurement (Cost) principle.
D) Business entity assumption.
E) Expense recognition (Matching) principle.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

108) A limited liability company (LLC):

108) _____

A) Has owners called members.
B) Is subject to double taxation.
C) Includes a general owner with unlimited liability.
D) Is the same as a corporation.
E) Must have more than one owner.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

109) A partnership:

109) _____

A) Is also called a sole proprietorship.
B) Has unlimited liability for its partners.
C) Must have a written agreement in order to be legal.
D) Is a legal organization separate from its owners.
E) Has owners called shareholders.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles

110) Which of the following accounting principles require that all goods and services purchased be recorded at actual cost?

110) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Going-concern assumption.
B) Expense recognition (Matching) principle..
C) Measurement (Cost) principle.
D) Business entity assumption.
E) Consideration assumption.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

111) Which of the following accounting principles prescribes that a company record its expenses incurred to generate the revenue reported?

111) _____

A) Going-concern assumption.
B) Expense recognition (Matching) principle.
C) Measurement (Cost) principle.
D) Business entity assumption.
E) Consideration assumption.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

112) Revenue is properly recognized:

112) _____

A) When the customer makes an order.
B) Only if the transaction creates an account receivable.
C) At the end of the accounting period.
D) When goods or services are provided to customers and at the amount expected to be received from the customer.
E) When cash from a sale is received.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

113) All of the following are external users of accounting information except:

113) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Lenders.
B) Shareholders.
C) Board of directors.
D) Chief executive officer (CEO).
E) Customers.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting

114) All of the following are external users of accounting information except:

114) _____

A) Customers.
B) Internal Revenue Service.
C) Human resource managers.
D) Shareholders.
E) Lenders.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Learning Objective : 01-C1 Explain the importance of accounting and its users.
Type : Static
Topic : Users of Accounting Information
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting

Financial Accounting Information for Decisions 10th edition Wild Test Bank

115) If a company uses $1,560 of its cash to purchase supplies, the effect on the accounting equation would be:

115) _____

A) Assets increase $1,560 and liabilities decrease $1,560.
B) One asset increases $1,560 and another asset decreases $1,560, causing no effect.
C) Assets decrease $1,560 and equity decreases $1,560.
D) Assets decrease $1,560 and equity increases $1,560.
E) Assets increase $1,560 and liabilities increase $1,560.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Type : Algorithmic

116) If a company uses $1,300 of its cash to purchase supplies, the effect on the accounting equation would be:

116) _____

A) Assets increase $1,300 and liabilities decrease $1,300.
B) One asset increases $1,300 and another asset decreases $1,300, causing no effect.
C) Assets decrease $1,300 and equity decreases $1,300.
D) Assets decrease $1,300 and equity increases $1,300.
E) Assets increase $1,300 and liabilities increase $1,300.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

117) If a company receives $12,800 from a stockholder, the effect on the accounting equation would be:

117) _____

A) Assets decrease $12,800 and equity decreases $12,800.
B) Assets increase $12,800 and liabilities decrease $12,800.
C) Assets increase $12,800 and liabilities increase $12,800.
D) Liabilities increase $12,800 and equity decreases $12,800.
E) Assets increase $12,800 and equity increases $12,800.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Type : Algorithmic

118) If a company receives $12,000 from a stockholder, the effect on the accounting equation would be:

118) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Assets decrease $12,000 and equity decreases $12,000.
B) Assets increase $12,000 and liabilities decrease $12,000.
C) Assets increase $12,000 and liabilities increase $12,000.
D) Liabilities increase $12,000 and equity decreases $12,000.
E) Assets increase $12,000 and equity increases $12,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

119) If a company purchases equipment costing $3,100 on credit, the effect on the accounting equation would be:

119) _____

A) Assets increase $3,100 and liabilities decrease $3,100.
B) Equity decreases $3,100 and liabilities increase $3,100.
C) One asset increases $3,100 and another asset decreases $3,100.
D) Assets increase $3,100 and liabilities increase $3,100.
E) Equity increases $3,100 and liabilities decrease $3,100.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Type : Algorithmic

120) If a company purchases equipment costing $4,500 on credit, the effect on the accounting equation would be:

120) _____

A) Assets increase $4,500 and liabilities decrease $4,500.
B) Equity decreases $4,500 and liabilities increase $4,500.
C) One asset increases $4,500 and another asset decreases $4,500.
D) Assets increase $4,500 and liabilities increase $4,500.
E) Equity increases $4,500 and liabilities decrease $4,500.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

121) An example of a financing activity reported on the statement of cash flows is:

121) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Buying office supplies.
B) Obtaining a long-term loan.
C) Buying office equipment.
D) Selling inventory.
E) Buying land.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

122) Increases in equity that result from providing products or services to customers are called:

122) _____

A) Liabilities.
B) Revenues.
C) Financing activities.
D) Investing activities.
E) Expenses.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
AICPA : BB Legal
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

123) Which of the following decreases equity:

123) _____

A) Investing activities.
B) Assets.
C) Accounts receivable.
D) Revenues.
E) Expenses.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Decision Making
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

124) An example of an investing activity on the statement of cash flows is:

124) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Paying wages of employees.
B) Paying cash dividends.
C) Purchasing land.
D) Selling inventory.
E) Issuing common stock for cash.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

125) Net Income:

125) _____

A) Decreases equity.
B) Represents the amount of assets owners put into a business.
C) Equals assets minus liabilities.
D) Is the excess of revenues over expenses.
E) Represents owners' claims against assets.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

Financial Accounting Information for Decisions 10th edition Wild Test Bank

126) If equity is $338,000 and liabilities are $188,000, then assets equal:

126) _____

A) $150,000.
B) $188,000.
C) $338,000.
D) $526,000.
E) $864,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

127) If equity is $300,000 and liabilities are $192,000, then assets equal:

127) _____

A) $108,000.
B) $192,000.
C) $300,000.
D) $492,000.
E) $792,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

128) If assets are $390,000 and liabilities are $198,000, then equity equals:

128) _____

A) $192,000.
B) $198,000.
C) $390,000.
D) $588,000.
E) $978,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

129) If assets are $300,000 and liabilities are $192,000, then equity equals:

129) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $108,000.
B) $192,000.
C) $300,000.
D) $492,000.
E) $792,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

130) Resources a company owns or controls that are expected to yield future benefits are:
130) _____

A) Assets.
B) Revenues.
C) Liabilities.
D) Payables.
E) Expenses.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

Financial Accounting Information for Decisions 10th edition Wild Test Bank

131) Increases in equity from sales of products or services to customers are:

131) _____

A) Assets.
B) Revenues.
C) Liabilities.
D) Stockholders' Equity.
E) Expenses.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

132) The difference between a company's assets and its liabilities, or net assets is:

132) _____

A) Net income.
B) Expense.
C) Equity.
D) Revenue.
E) Net loss.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

133) Creditors' claims on assets are called:

133) _____

A) Net losses.
B) Expenses.
C) Revenues.
D) Equity.
E) Liabilities.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

134) Decreases in equity from costs of providing products or services to customers are called:

134) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Liabilities.
B) Equity.
C) Assets.
D) Expenses.
E) Stockholders' Investment.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

135) The description of the relation between a company's assets, liabilities, and equity, which is expressed as Assets = Liabilities + Equity, is known as the:

135) _____

A) Income statement equation.
B) Accounting equation.
C) Business equation.
D) Return on equity ratio.
E) Net income.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

136) Revenues are:

136) _____

A) The same as net income.
B) The excess of expenses over assets.
C) Resources owned or controlled by a company.
D) The increase in equity from a company's sales of products and services.
E) The costs of assets or services used.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

137) If assets are $88,000 and liabilities are $27,300, then equity equals:

137) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $27,300.
B) $60,700.
C) $88,000.
D) $115,300.
E) $203,300.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AICPA : BB Critical Thinking
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

138) If assets are $99,000 and liabilities are $32,000, then equity equals:

138) _____

A) $32,000.
B) $67,000.
C) $99,000.
D) $ 131,000.
E) $198,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AICPA : BB Critical Thinking
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

Financial Accounting Information for Decisions 10th edition Wild Test Bank

139) Another name for equity is:

139) _____

A) Net income.
B) Expenses.
C) Net assets.
D) Revenue.
E) Net loss.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

140) When expenses exceed revenues, the result is called:

140) _____

A) Net assets.
B) Negative equity.
C) Net loss.
D) Net income.
E) A liability.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AICPA : FN Measurement

141) Outflows of cash and other resources to shareholders are:

141) _____

A) Liabilities.
B) Dividends.
C) Expenses.
D) Stock issuances.
E) Revenues.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

142) Outflows of cash or other resources from a business to its shareholders:

142) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Reduce assets and equity.
B) Increase assets and equity.
C) Reduce assets and equity (via net income).
D) Increases assets and reduces equity.
E) Reduce contributed capital.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

143) The assets of a company total $710,000; the liabilities, $205,000. What is the amount of equity?

143) _____

A) $915,000.
B) $710,000.
C) $505,000.
D) $205,000.
E) It is impossible to determine unless the amount of the stock issuances is known.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

144) The assets of a company total $700,000; the liabilities, $200,000. What is the amount of equity?

144) _____

A) $900,000.
B) $700,000.
C) $500,000.
D) $200,000.
E) It is impossible to determine unless the amount of the stock issuances is known.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

145) On May 31 of the current year, the assets and liabilities of Riser, Incorporated are as follows: Cash $21,500; Accounts Receivable, $7,400; Supplies, $750; Equipment, $12,150; Accounts Payable, $9,500. What is the amount of equity as of May 31 of the current year?

145) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $51,300.
B) $13,150.
C) $21,500.
D) $32,300.
E) $41,800.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

146) On May 31 of the current year, the assets and liabilities of Riser, Incorporated are as follows: Cash $20,500; Accounts Receivable, $7,250; Supplies, $650; Equipment, $12,000; Accounts Payable, $9,300. What is the amount of equity as of May 31 of the current year?

146) _____

A) $49,700.
B) $13,050.
C) $20,500.
D) $31,100.
E) $40,400.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

147) On August 31 of the current year, the assets and liabilities of Gladstone, Incorporated are as follows: Cash $32,100; Supplies, $750; Equipment, $11,500; Accounts Payable, $10,300. What is the amount of equity as of August 31 of the current year?

147) _____

A) $33,300.
B) $32,550.
C) $34,050.
D) $9,550.
E) $11,050.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

148) On August 31 of the current year, the assets and liabilities of Gladstone, Incorporated are as follows: Cash $30,000; Supplies, $600; Equipment, $10,000; Accounts Payable, $8,500. What is the amount of equity as of August 31 of the current year?

148) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $49,100.
B) $32,100.
C) $12,100.
D) $10,900.
E) $30,900.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

149) Assets created by selling goods and services on credit are:

149) _____

A) Accounts payable.
B) Accounts receivable.
C) Liabilities.
D) Expenses.
E) Equity.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

Financial Accounting Information for Decisions 10th edition Wild Test Bank

150) An exchange of value between two entities which causes a change in the accounting equation is called:

150) _____

A) The accounting equation.
B) Recordkeeping or bookkeeping.
C) An external transaction.
D) An asset.
E) Net Income.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Decision Making
Type : Static
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

151) Saddleback Company paid off $45,000 of its accounts payable in cash. What would be the effects of this transaction on the accounting equation?

151) _____

A) Assets increase $45,000; equity increase $45,000.
B) Assets decrease $45,000; liabilities decrease $45,000.
C) Assets decrease $45,000; liabilities increase $45,000.
D) Liabilities decrease $45,000; equity increase $45,000.
E) Assets decrease $45,000; equity decrease $45,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Type : Algorithmic

152) Saddleback Company paid off $30,000 of its accounts payable in cash. What would be the effects of this transaction on the accounting equation?

152) _____

A) Assets increase $30,000; equity increases $30,000.
B) Assets decrease $30,000; liabilities decrease $30,000.
C) Assets decrease $30,000; liabilities increase $30,000.
D) Liabilities decrease $30,000; equity increase $30,000.
E) Assets decrease $30,000; equity decreases $30,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

153) If Houston Company billed a client for $15,000 of consulting work completed, the accounts receivable asset increases by $15,000 and:

153) _____

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A) Accounts payable decreases $15,000.
B) Accounts payable increases $15,000.
C) Cash increases $15,000.
D) Revenue increases $15,000.
E) Revenue decreases $15,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Type : Algorithmic

154) If Houston Company billed a client for $10,000 of consulting work completed, the accounts receivable asset increases by $10,000 and:

154) _____

A) Accounts payable decreases $10,000.
B) Accounts payable increases $10,000.
C) Cash increases $10,000.
D) Revenue increases $10,000.
E) Revenue decreases $10,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

155) Alpha Company has assets of $602,000, liabilities of $251,000, and equity of $351,000. It buys office equipment on credit for $76,000. What would be the effects of this transaction on the accounting equation?

155) _____

A) Assets increase by $76,000 and expenses increase by $76,000.
B) Assets increase by $76,000 and expenses decrease by $76,000.
C) Liabilities increase by $76,000 and expenses decrease by $76,000.
D) Assets decrease by $76,000 and expenses decrease by $76,000.
E) Assets increase by $76,000 and liabilities increase by $76,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Type : Algorithmic

156) Alpha Company has assets of $600,000, liabilities of $250,000, and equity of $350,000. It buys office equipment on credit for $75,000. What would be the effects of this transaction on the accounting equation?

156) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Assets increase by $75,000 and expenses increase by $75,000.
B) Assets increase by $75,000 and expenses decrease by $75,000.
C) Liabilities increase by $75,000 and expenses decrease by $75,000.
D) Assets decrease by $75,000 and expenses decrease by $75,000.
E) Assets increase by $75,000 and liabilities increase by $75,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

157) Contessa Company collected $42,000 cash on its accounts receivable. The effects of this transaction as reflected in the accounting equation are:

157) _____

A) Total assets decrease and equity increases.
B) Both total assets and total liabilities decrease.
C) Total assets, total liabilities, and total equity are unchanged.
D) Both total assets and equity are unchanged and liabilities increase.
E) Total assets increase and equity decreases.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

158) If the liabilities of a business increased $109,000 during a period of time and the stockholders' equity in the business decreased $47,000 during the same period, the assets of the business must have:

158) _____

A) Decreased $156,000.
B) Decreased $62,000.
C) Increased $47,000.
D) Increased $62,000.
E) Increased $156,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

159) If the liabilities of a business increased $75,000 during a period of time and the stockholders' equity in the business decreased $30,000 during the same period, the assets of the business must have:

Financial Accounting Information for Decisions 10th edition Wild Test Bank

159) _____

A) Decreased $105,000.
B) Decreased $45,000.
C) Increased $30,000.
D) Increased $45,000.
E) Increased $105,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

160) If the assets of a business increased $97,000 during a period of time and its liabilities increased $71,000 during the same period, equity in the business must have:

160) _____

A) Increased $26,000.
B) Decreased $26,000.
C) Increased $97,000.
D) Decreased $168,000.
E) Increased $168,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

161) If the assets of a business increased $89,000 during a period of time and its liabilities increased $67,000 during the same period, equity in the business must have:

161) _____

A) Increased $22,000.
B) Decreased $22,000.
C) Increased $89,000.
D) Decreased $156,000.
E) Increased $156,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

162) If the liabilities of a company increased $114,000 during a period of time and equity in the company decreased $39,000 during the same period, what was the effect on the assets?

162) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Assets would have increased $75,000.
B) Assets would have decreased $75,000.
C) Assets would have increased $153,000.
D) Assets would have decreased $153,000.
E) None of the above.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

163) If the liabilities of a company increased $74,000 during a period of time and equity in the company decreased $19,000 during the same period, what was the effect on the assets?

163) _____

A) Assets would have increased $55,000.
B) Assets would have decreased $55,000.
C) Assets would have increased $93,000.
D) Assets would have decreased $93,000.
E) None of the above.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

164) If a company paid $38,000 of its accounts payable in cash, what was the effect on the accounting equation?

164) _____

A) Assets would decrease $38,000, liabilities would decrease $38,000, and equity would decrease $38,000.
B) Assets would decrease $38,000, liabilities would decrease $38,000, and equity would increase $38,000.
C) Assets would decrease $38,000, liabilities would decrease $38,000, and equity remains unchanged.
D) There would be no effect on the accounts because the accounts are affected by the same amount.
E) Assets would increase $38,000 and liabilities would decrease $38,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

Financial Accounting Information for Decisions 10th edition Wild Test Bank

165) If assets are $375,000 and equity is $125,000, then liabilities are:

165) _____

A) $125,000.
B) $250,000.
C) $375,000.
D) $500,000.
E) $625,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

166) If assets are $365,000 and equity is $120,000, then liabilities are:

166) _____

A) $120,000.
B) $245,000.
C) $365,000.
D) $485,000.
E) $610,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

167) Rushing had net income of $189 million and average total assets of $1,940 million. Its return on assets (ROA) is:

167) _____

A) 9.7%.
B) 97.4%.
C) 10.0%.
D) 103.0%.
E) 19.5%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Type : Algorithmic

168) Rushing had net income of $240 million and average total assets of $2,000 million. Its return on assets (ROA) is:

168) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) 12%.
B) 120%.
C) 80%.
D) 8%.
E) 800%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management

169) Cage Company had net income of $357 million and average total assets of $2,020 million. Its return on assets (ROA) is:

169) _____

A) 1.8%.
B) 35.0%.
C) 17.7%.
D) 5.7%.
E) 3.5%.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Type : Algorithmic

170) Cage Company had net income of $160 million and average total assets of $2,000 million. Its return on assets (ROA) is:

170) _____

A) 80%.
B) 0.8%.
C) 8%.
D) 12.5%.
E) 125%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management

171) Speedy has net income of $29,955, and assets at the beginning of the year of $211,000. Assets at the end of the year total $257,000. Compute its return on assets.

171) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) 11.7%.
B) 12.8%.
C) 14.2%.
D) 10.7%.
E) 16.4%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

172) Speedy has net income of $18,955, and assets at the beginning of the year of $200,000. Assets at the end of the year total $246,000. Compute its return on assets.

172) _____

A) 7.7%.
B) 8.5%.
C) 9.5%.
D) 11.8%.
E) 13.0%.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard

173) Chou Company has a net income of $62,000, assets at the beginning of the year are $269,000 and assets at the end of the year are $319,000. Compute its return on assets.

173) _____

A) 11.7%.
B) 23.0%.
C) 19.4%.
D) 21.1%.
E) 2.0%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

174) Chou Company has a net income of $43,000, assets at the beginning of the year are $250,000 and assets at the end of the year are $300,000. Compute its return on assets.

174) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) 8.4%.
B) 17.2%.
C) 14.3%.
D) 15.6%.
E) 1.5%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard

175) Return on assets (ROA) falls into which area of financial statement analysis.

175) _____

A) Liquidity and efficiency.
B) Solvency.
C) Profitability.
D) Market prospects.
E) Market research.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Bloom's : Understand
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : FN Risk Analysis
Difficulty : 3 Hard

Financial Accounting Information for Decisions 10th edition Wild Test Bank

176) Equity is:

176) _____

A) Net income divided by average total assets.
B) Equal to assets plus liabilities.
C) The owner's claim on assets.
D) Increased by expenses.
E) Decreased by revenue.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AICPA : FN Risk Analysis

177) The statement of cash flows reports all of the following *except*:

177) _____

A) Cash flows from operating activities.
B) Cash flows from investing activities.
C) Cash flows from financing activities.
D) The net increase or decrease in assets for the period reported.
E) The net increase or decrease in cash for the period reported.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

178) Which of the following is *not* a financial statement?

178) _____

A) Balance Sheet.
B) Income Statement.
C) Statement of Retained Earnings.
D) Statement of Cash Flows.
E) Statement of Changes in Assets.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

179) The statement of retained earnings:

179) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Reports changes in equity due to stockholder investments.
B) Reports changes in equity due to net income, net losses and dividends.
C) Reports on cash flows for operating, financing, and investing activities over a period of time.
D) Reports on cash flows for operating, financing, and investing activities at a point in time.
E) Reports on amounts for assets, liabilities, and equity at a point in time.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

180) The financial statement that reports whether the business earned a profit and also lists the revenues and expenses is called the:

180) _____

A) Balance sheet.
B) Statement of retained earnings.
C) Statement of cash flows.
D) Income statement.
E) Statement of financial position.

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Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

181) A balance sheet lists:

181) _____

A) The types and amounts of the revenues and expenses of a business.
B) Only the information about what happened to equity during a time period.
C) The types and amounts of assets, liabilities, and equity of a business as of a specific date.
D) The inflows and outflows of cash during the period.
E) The assets and liabilities of a company but not the stockholders' equity.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

182) A financial statement providing information that helps users understand a company's financial status, and which lists the types and amounts of assets, liabilities, and equity as of a specific date, is called a(n):

182) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Balance sheet.
B) Income statement.
C) Statement of cash flows.
D) Statement of retained earnings.
E) Financial Status Statement.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

183) The financial statement that identifies a company's cash inflows (receipts) and cash outflows (payments) over a period of time is the:

183) _____

A) Statement of financial position.
B) Statement of cash flows.
C) Balance sheet.
D) Income statement.
E) Statement of changes in stockholders' equity.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

184) The financial statement that shows the changes in equity that resulted from net income (or net loss); and dividends to stockholders is the:

184) _____

A) Statement of financial position.
B) Statement of cash flows.
C) Balance sheet.
D) Income statement.
E) Statement of retained earnings.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

185) Cash investments by stockholders are listed on which of the following statements?

185) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Statement of retained earnings and income statement.
B) Income statement only.
C) Statement of retained earnings only.
D) Statement of retained earnings and statement of cash flows.
E) Statement of cash flows only.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
Difficulty : 3 Hard

186) Accounts payable appear on which of the following statements?

186) _____

A) Balance sheet.
B) Income statement.
C) Statement of retained earnings.
D) Statement of cash flows.
E) Transaction statement.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

Financial Accounting Information for Decisions 10th edition Wild Test Bank

187) The income statement reports all of the following *except*:

187) _____

A) Revenues earned by a business.
B) Expenses incurred by a business.
C) Assets owned by a business.
D) Net income or loss earned by a business.
E) The time period over which the earnings occurred.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

188) Use the following information as of December 31 to determine equity.

Cash	$ 58,000
Buildings	176,000
Equipment	207,000
Liabilities	142,000

188) _____

A) $58,000.
B) $142,000.
C) $299,000.
D) $441,000.
E) $583,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

189) Use the following information as of December 31 to determine equity.

Cash	$ 57,000
Buildings	175,000
Equipment	206,000
Liabilities	141,000

189) _____

A) $57,000.
B) $141,000.
C) $297,000.
D) $438,000.
E) $579,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

Financial Accounting Information for Decisions 10th edition Wild Test Bank

190) Use the following information for Meeker Corporation to determine the amount of equity to report.

Cash	$ 83,000
Buildings	131,500
Land	223,000
Liabilities	138,000

190) _____

A) $299,500.
B) $312,500.
C) $437,500.
D) $575,500.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

191) Use the following information for Meeker Corporation to determine the amount of equity to report.

Cash	$ 70,000
Buildings	125,000
Land	205,000
Liabilities	130,000

191) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $20,000.
B) $390,000.
C) $530,000.
D) $140,000.
E) $270,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

192) Determine the net income of a company for which the following information is available for the month of July.

Employee salaries expense	$ 191,000
Interest expense	21,000
Rent expense	31,000
Consulting revenue	444,000

192) _____

A) $201,000.
B) $243,000.
C) $263,000.
D) $444,000.
E) $687,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Type : Algorithmic

193) Determine the net income of a company for which the following information is available for the month of July.

Employee salaries expense	$ 180,000
Interest expense	10,000
Rent expense	20,000
Consulting revenue	400,000

193) _____

A) $190,000.
B) $210,000.
C) $230,000.
D) $400,000.
E) $610,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

Financial Accounting Information for Decisions 10th edition Wild Test Bank

194) Determine the net income of a company for which the following information is available for the month of September.

Service revenue	$ 300,000
Rent expense	48,000
Utilities expense	3,200
Salaries expense	81,000

194) _____

A) $263,800.
B) $432,200.
C) $171,000.
D) $167,800.
E) $252,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

195) A company purchases equipment for $75,000 cash. This represents a(n):

195) _____

A) Operating activity.
B) Investing activity.
C) Financing activity.
D) Revenue activity.
E) Expense activity.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

196) A company borrows $125,000 from the Northern Bank and receives the loan proceeds in cash. This represents a(n):

196) _____

A) Revenue activity.
B) Operating activity.
C) Expense activity.
D) Investing activity.
E) Financing activity.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

197) Zippy had cash inflows from operations of $67,500; cash outflows from investing activities of $52,000; and cash inflows from financing of $30,000. The net change in cash was:

197) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $45,500 increase.
B) $45,500 decrease.
C) $149,500 decrease.
D) $149,500 increase.
E) $14,500 decrease.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

198) Zippy had cash inflows from operations of $60,500; cash outflows from investing activities of $47,000; and cash inflows from financing of $25,000. The net change in cash was:
198) _____

A) $38,500 increase.
B) $38,500 decrease.
C) $132,500 decrease.
D) $132,000 increase.
E) $11,500 decrease.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

199) Zapper has beginning equity of $287,000, net income of $66,000, dividends paid of $55,000 and stockholder investments of $21,000. Its ending total equity as reported on the balance sheet is:

199) _____

A) $253,000.
B) $255,000.
C) $298,000.
D) $319,000.
E) $387,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

200) Zapper has beginning equity of $257,000, net income of $51,000, dividends paid of $40,000 and stockholder investments of $6,000. Its ending total equity as reported on the balance sheet is:

200) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $223,000.
B) $240,000.
C) $268,000.
D) $274,000.
E) $208,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

201) Cragmont has beginning equity of $277,000, net income of $63,000, dividends of $25,000 and no additional investments by stockholders during the period. Its ending equity is:
201) _____

A) $365,000.
B) $239,000.
C) $189,000.
D) $315,000.
E) $277,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking

202) Rent expense appears on which of the following statements?

202) _____

A) Balance sheet.
B) Income statement.
C) Statement of retained earnings.
D) Income statement and balance sheet.
E) Statement of cash flows and balance sheet.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

203) A company's balance sheet shows: cash $42,000, accounts receivable $26,000, office equipment $60,000, and accounts payable $27,000. What is the amount of stockholders' equity?

203) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $27,000.
B) $39,000.
C) $101,000.
D) $128,000.
E) $155,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

204) A company's balance sheet shows: cash $22,000, accounts receivable $16,000, office equipment $50,000, and accounts payable $17,000. What is the amount of stockholders' equity?

204) _____

A) $17,000.
B) $29,000.
C) $71,000.
D) $88,000.
E) $105,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

205) A company reported total equity of $177,000 at the beginning of the year. The company reported $242,000 in revenues and $181,000 in expenses for the year. Liabilities at the end of the year totaled $108,000. What are the total assets of the company at the end of the year?

205) _____

A) $61,000.
B) $108,000.
C) $130,000.
D) $242,000.
E) $346,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

Financial Accounting Information for Decisions 10th edition Wild Test Bank

206) A company reported total equity of $145,000 at the beginning of the year. The company reported $210,000 in revenues and $165,000 in expenses for the year. Liabilities at the end of the year totaled $92,000. What are the total assets of the company at the end of the year?

206) _____

A) $45,000.
B) $92,000.
C) $98,000.
D) $210,000.
E) $282,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Bloom's : Apply
Difficulty : 3 Hard

207) Flitter reported net income of $25,000 for the past year. At the beginning of the year the company had $215,000 in assets and $65,000 in liabilities. By the end of the year, assets had increased to $315,000 and liabilities were $90,000. Calculate its return on assets:

207) _____

A) 11.6%.
B) 9.4%.
C) 7.9%.
D) 35.8%.
E) 26.6%.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

208) Flitter reported net income of $17,500 for the past year. At the beginning of the year the company had $200,000 in assets and $50,000 in liabilities. By the end of the year, assets had increased to $300,000 and liabilities were $75,000. Calculate its return on assets:

208) _____

A) 8.8%.
B) 7.0%.
C) 5.8%.
D) 35.0%.
E) 23.3%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard

209) Dawson Electronic Services had revenues of $82,000 and expenses of $51,000 for the year. Its assets at the beginning of the year were $401,000. At the end of the year assets were worth $451,000. Calculate its return on assets.

209) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) 7.3%.
B) 7.7%.
C) 6.9%.
D) 20.4%.
E) 19.2%.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

210) Dawson Electronic Services had revenues of $80,000 and expenses of $50,000 for the year. Its assets at the beginning of the year were $400,000. At the end of the year assets were worth $450,000. Calculate its return on assets.

210) _____

A) 7.1%.
B) 7.5%.
C) 6.7%.
D) 20.0%.
E) 18.8%.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A2 Compute and interpret return on assets.
Topic : Return on Assets
AACSB : Analytical Thinking
AICPA : BB Resource Management
Bloom's : Apply
Difficulty : 3 Hard

211) Rico′s Taqueria had cash inflows from operating activities of $45,000; cash outflows from investing activities of $40,000, and cash outflows from financing activities of $30,000. Calculate the net increase or decrease in cash.

211) _____

A) $115,000 increase.
B) $55,000 increase.
C) $25,000 decrease.
D) $25,000 increase.
E) $70,000 decrease.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

212) Rico's Taqueria had cash inflows from operating activities of $27,000; cash outflows from investing activities of $22,000, and cash outflows from financing activities of $12,000. Calculate the net increase or decrease in cash.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

212) _____

A) $61,000 increase.
B) $37,000 increase.
C) $7,000 decrease.
D) $7,000 increase.
E) $34,000 decrease.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

213) Charlie's Chocolates' had stock issuances of $70,000 and dividends of $30,000. The company has revenues of $103,000 and expenses of $74,000. Calculate its net income.

213) _____

A) $40,000.
B) $103,000.
C) $74,000.
D) $29,000.
E) $69,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

214) Charlie's Chocolates' had stock issuances of $50,000 and dividends of $20,000. The company has revenues of $83,000 and expenses of $64,000. Calculate its net income.

214) _____

A) $30,000.
B) $83,000.
C) $64,000.
D) $19,000.
E) $49,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis
Bloom's : Apply
Difficulty : 3 Hard

Financial Accounting Information for Decisions 10th edition Wild Test Bank

215) Savvy Sightseeing had beginning equity of $77,000; revenues of $105,000, expenses of $70,000, and dividends to stockholders of $9,500; there were no stock issuances. Calculate the ending equity.

215) _____

A) $102,500.
B) $35,000.
C) $112,000.
D) $32,500.
E) $42,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard
Type : Algorithmic

216) Savvy Sightseeing had beginning equity of $72,000; revenues of $90,000, expenses of $65,000, and dividends to stockholders of $9,000; there were no stock issuances. Calculate the ending equity.

216) _____

A) $88,000.
B) $25,000.
C) $97,000.
D) $38,000.
E) $47,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Bloom's : Apply
Difficulty : 3 Hard

217) WorkFit had beginning equity of $52,000; net income of $35,000, and dividends of $12,000. There were no stockholder investments during the year. Calculate the ending equity.

217) _____

A) $(5,000).
B) $29,000.
C) $5,000.
D) $99,000.
E) $75,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

218) A company's balance sheet shows: cash $43,000, accounts receivable $49,000, equipment $88,000, and equity $91,000. What is the amount of liabilities?

218) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) $180,000.
B) $171,000.
C) $89,000.
D) $87,000.
E) $271,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking
Type : Algorithmic

219) A company's balance sheet shows: cash $24,000, accounts receivable $30,000, equipment $50,000, and equity $72,000. What is the amount of liabilities?

219) _____

A) $104,000.
B) $76,000.
C) $32,000.
D) $68,000.
E) $176,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

220) If a company has excess space in its building that it rents to another company for $700, what is the effect on the accounting equation during the first month?

220) _____

A) Assets would decrease $700 and liabilities would decrease $700.
B) Assets would decrease $700 and equity would increase $700.
C) Assets would increase $700 and equity would decrease $700.
D) Assets would increase $700 and equity would increase $700.
E) Liabilities would decrease $700 and equity would increase $700.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

221) All of the following are classified as assets *except*:

221) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Accounts Receivable.
B) Supplies.
C) Equipment.
D) Accounts Payable.
E) Land.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

222) Which of the following accounts is not included in the calculation of a company's ending retained earnings?

222) _____

A) Revenues.
B) Expenses.
C) Dividends.
D) Beginning Retained Earnings.
E) Cash.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

223) All of the following are classified as liabilities *except*:

223) _____

A) Accounts Receivable.
B) Notes Payable.
C) Wages Payable.
D) Accounts Payable.
E) Taxes Payable.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

224) Billington Corporation borrows $80,000 cash from U.S. Bank. How does this transaction affect the accounting equation for Billington?

224) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Assets would decrease $80,000 and liabilities would decrease $80,000.
B) Assets would decrease $80,000 and equity would increase $80,000.
C) Assets would increase $80,000 and equity would decrease $80,000.
D) Assets would increase $80,000 and liabilities would increase $80,000.
E) Liabilities would decrease $80,000 and equity would increase $80,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

225) If the assets of a company increase by $55,000 during the year and its liabilities increase by $25,000 during the same year, then the change in equity of the company during the year must have been:

225) _____

A) An increase of $80,000.
B) A decrease of $80,000.
C) An increase of $30,000.
D) A decrease of $30,000.
E) An increase of $25,000.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Measurement
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation
AACSB : Analytical Thinking

226) All of the following are classified as assets *except*:

226) _____

A) Accounts Payable.
B) Accounts Receivable.
C) Cash.
D) Supplies.
E) Prepaid Insurance.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-A1 Define and interpret the accounting equation and each of its components.
Topic : The Accounting Equation

227) Grandmark Printing pays the current month's rent of $2,000 to the landlord of the building where its facilities are located. How does this transaction affect the accounting equation for Grandmark?

227) _____

Financial Accounting Information for Decisions 10th edition Wild Test Bank

A) Assets would decrease $2,000 and liabilities would decrease $2,000.
B) Assets would decrease $2,000 and equity would decrease $2,000.
C) Assets would increase $2,000 and equity would increase $2,000.
D) Assets would increase $2,000 and liabilities would increase $2,000.
E) Liabilities would decrease $2,000 and equity would increase $2,000.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

228) Atkins Company collected $1,750 as payment for the amount owed by a customer from services provided the prior month on credit. How does this transaction affect the accounting equation for Atkins?

228) _____

A) Assets would decrease $1,750 and liabilities would decrease $1,750.
B) One asset would increase $1,750 and a different asset would decrease $1,750, causing no net change in the accounting equation.
C) Assets would increase $1,750 and equity would increase $1,750.
D) Assets would increase $1,750 and liabilities would increase $1,750.
E) Liabilities would decrease $1,750 and equity would increase $1,750.

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

229) The accounting equation for Ying Company shows a decrease in its assets and a decrease in its equity. Which of the following transactions could have caused that effect?

229) _____

A) Cash was received from providing services to a customer.
B) The company paid an amount due on credit.
C) Equipment was purchased for cash.
D) A utility bill was received for the current month, to be paid in the following month.
E) Advertising expense for the month was paid in cash.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

230) The accounting equation for Long Company shows an increase in its assets and an increase in its liabilities. Which of the following transactions could have caused that effect?

230) _____

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A) Cash was received from providing services to a customer.
B) Cash was received as a stockholder investment.
C) Equipment was purchased on credit.
D) Supplies were purchased for cash.
E) Advertising expense for the month was paid in cash.

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : FN Measurement
AACSB : Analytical Thinking
Learning Objective : 01-P1 Analyze business transactions using the accounting equation.
Topic : Transaction Analysis

231) The expense recognition principle, also called the matching principle:

231) _____

A) Prescribes that accounting information is based on actual cost.
B) Provides guidance on when a company must recognize revenue.
C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

232) The measurement principle, also called the cost principle:

232) _____

A) Prescribes that accounting information is based on actual cost.
B) Provides guidance on when a company must recognize revenue.
C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

233) The revenue recognition principle:

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233) _____

A) Prescribes that accounting information is based on actual cost.
B) Provides guidance on when a company must recognize revenue.
C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

234) The full disclosure principle:

234) _____

A) Prescribes that accounting information is based on actual cost.
B) Provides guidance on when a company must recognize revenue.
C) Prescribes that a company report the details behind financial statements that would impact users' decisions.
D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

235) The cost-benefit constraint:

235) _____

A) Prescribes that accounting information is based on actual cost.
B) Provides guidance on when a company must recognize revenue.
C) Says that information disclosed by an entity must have benefits to the user that are greater than the costs of providing it.
D) Prescribes that a company record the expenses it incurred to generate the revenue reported.
E) Means that accounting information reflects a presumption that the business will continue operating instead of being closed or sold.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

236) The going concern assumption:

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236) _____

A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.

B) Means that we can express transactions and events in monetary, or money, units.

C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.

D) Means that a business is accounted for separately from other business entities, including its owner.

E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

237) The monetary unit assumption:

237) _____

A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.

B) Means that transactions and events are expressed in monetary, or money, units.

C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.

D) Means that a business is accounted for separately from other business entities, including its owner.

E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

238) The time period assumption:

238) _____

A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.
B) Means that transactions and events are expressed in monetary, or money, units.
C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.
D) Means that a business is accounted for separately from other business entities, including its owner.
E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

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239) The business entity assumption:

239) _____

A) Means that accounting information presumes that the business will continue operating instead of being closed or sold.

B) Means that transactions and events are expressed in monetary, or money, units.

C) Presumes that the life of a company can be divided into time periods, such as months and years, and that useful reports can be prepared for those periods.

D) Means that a business is accounted for separately from other business entities, including its owner.

E) Prescribes that a company record the expenses it incurred to generate the revenue reported.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : BB Legal
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
Topic : Generally Accepted Accounting Principles
AICPA : FN Measurement

240) Internal controls are:

240) _____

A) Beliefs that separate right from wrong.

B) Procedures to protect assets, ensure reliable accounting, promote efficiency, and uphold company policies.

C) An example of a general principle.

D) An example of a specific principle.

E) The same across all companies.

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Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Difficulty : 2 Medium
Bloom's : Understand
AICPA : BB Legal
AACSB : Ethics
Topic : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting

241) The Financial Accounting Standards Board (FASB) is given the task of setting GAAP from the:

241) _____

A) U.S. State Department.
B) Securities and Exchange Commission (SEC).
C) International Accounting Standards Board (IASB).
D) International Financial Reporting Standards (IFRS).
E) American Institute of Certified Public Accountants (AICPA).

Question Details
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Type : Static
Bloom's : Understand
AICPA : BB Legal
AACSB : Ethics
Learning Objective : 01-C2 Describe the importance of ethics and GAAP.
AICPA : FN Reporting
Topic : Generally Accepted Accounting Principles
Difficulty : 3 Hard

242) Which of the following accounts is not included in the asset section of the balance sheet?

242) _____

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A) Cash.
B) Accounts receivable.
C) Supplies.
D) Land.
E) Services revenue.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Difficulty : 1 Easy
Type : Static
Bloom's : Understand
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

243) Which of the following accounts is not included in the asset section of the balance sheet?
243) _____

A) Buildings.
B) Wages expense.
C) Supplies.
D) Land.
E) Furniture.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

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244) Which of the following accounts is *not* included in the liabilities section of the balance sheet?

244) _____

A) Accounts receivable.
B) Wages payable.
C) Accounts payable.
D) Notes payable.
E) Taxes payable.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

245) Which of the following accounts is *not* included in the calculation of net income?

245) _____

A) Services revenue.
B) Wages expense.
C) Rent expense.
D) Cash.
E) Rent revenue.

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Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

246) Which of the following combinations results in a net loss reported on the income statement?

246) _____

A) Total revenues of $80,000 and total expenses of $74,000.
B) Total revenues of $70,000 and total expenses of $74,000.
C) Total revenues of $60,000 and total expenses of $52,000.
D) Total revenues of $20,000 and total expenses of $16,000.
E) Total revenues of $40,000 and total expenses of $31,000.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

247) Which of the following combinations results does not result in $20,000 of net income reported on the income statement?

247) _____

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A) Total revenues of $80,000 and total expenses of $60,000.
B) Total revenues of $170,000 and total expenses of $150,000.
C) Total revenues of $60,000 and total expenses of $40,000.
D) Total revenues of $70,000 and total expenses of $60,000.
E) Total revenues of $40,000 and total expenses of $20,000.

Question Details
AACSB : Communication
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
AICPA : BB Industry
Bloom's : Remember
Difficulty : 1 Easy
Type : Static
AICPA : FN Reporting
Learning Objective : 01-P2 Identify and prepare basic financial statements and explain how they inter
Topic : Financial Statements

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Financial Accounting Information for Decisions 10th Edition by Wild CH01B
Answer Key

Test name: CH01B

1) TRUE
2) TRUE
3) TRUE
4) TRUE
5) FALSE
6) TRUE
7) TRUE
8) TRUE
9) TRUE
10) FALSE
11) TRUE
12) FALSE
13) FALSE
14) TRUE
15) TRUE
16) TRUE
17) TRUE
18) FALSE
19) FALSE
20) TRUE
21) FALSE
22) TRUE
23) TRUE
24) FALSE
25) FALSE

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26) TRUE
27) FALSE
28) FALSE
29) FALSE
30) TRUE
31) TRUE
32) TRUE
33) FALSE
34) FALSE
35) TRUE
36) FALSE
37) TRUE
38) TRUE
39) FALSE
40) TRUE
41) TRUE
42) TRUE
43) TRUE
44) FALSE
45) TRUE
46) FALSE
47) TRUE
48) FALSE
49) TRUE
50) FALSE
51) TRUE
52) FALSE
53) TRUE
54) FALSE
55) FALSE

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56) TRUE
57) FALSE
58) FALSE
59) FALSE
60) FALSE
61) FALSE
62) TRUE
63) TRUE
64) TRUE
Return on Assets = Net Income/Average Total Assets
Return on Assets = $108 million/$500 million = 21.60%
65) TRUE
Return on Assets = Net Income/Average Total Assets
Return on Assets = $120 million/$1,500 million = 8%
66) FALSE
67) FALSE
68) TRUE
69) TRUE
70) FALSE
71) FALSE
72) TRUE
73) FALSE
74) FALSE
75) FALSE
76) TRUE
77) TRUE
78) FALSE
79) FALSE
80) FALSE
81) TRUE

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82) FALSE
83) FALSE
84) TRUE
85) TRUE
86) D
87) C
88) B
89) B
90) C
91) E
92) D
93) C
94) A
95) B
96) B
97) B
98) A
99) B
100) B
101) C
102) B
103) C
104) A
105) C
106) E
107) D
108) A
109) B
110) C
111) B

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112) D
113) D
114) C
115) B
116) B
117) E
118) E
119) D
120) D
121) B
122) B
123) E
124) C
125) D
126) D
Assets = Liabilities + Equity
Assets = $188,000 + $338,000 = $526,000.
127) D
Assets = Liabilities + Equity
Assets = $192,000 + $300,000 = $492,000
128) A
Assets = Liabilities + Stockholder's Equity
Equity = $390,000 − $198,000 = $192,000.
129) A
Assets = Liabilities + Stockholder's Equity
Equity = $300,000 − $192,000 = $108,000
130) A
131) B
132) C
133) E

Financial Accounting Information for Decisions 10th edition Wild Test Bank

134) D
135) B
136) D
137) B
Assets = Liabilities + Stockholders' Equity
$88,000 = $27,300 + Stockholders' Equity; Stockholders' Equity = $60,700
138) B
Assets = Liabilities + Stockholders' Equity
$99,000 = $32,000 + Stockholders' Equity; Stockholders' Equity = $67,000
139) C
140) C
141) B
142) A
143) C
Assets = Liabilities + Stockholders' Equity
$710,000 = $205,000 + Stockholders' Equity (or Claims of the Owners); Stockholders' Equity = $505,000
144) C
Assets = Liabilities + Stockholders' Equity
$700,000 = $200,000 + Stockholders' Equity (or Claims of the Stockholders); Stockholders' Equity = $500,000
145) D
Assets = Liabilities + Equity
Cash + Accounts Receivable + Supplies + Equipment = Accounts Payable + Equity
$21,500 + $7,400 + $750 + $12,150 = $9,500 + Equity
$41,800 = $9,500 + Equity; Equity = $32,300
146) D

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Assets = Liabilities + Equity
Cash + Accounts Receivable + Supplies + Equipment = Accounts Payable + Equity
$20,500 + $7,250 + $650 + $12,000 = $9,300 + Equity
$40,400 = $9,300 + Stockholders' Equity; Equity = $31,100

147) C
Assets − Liabilities = Equity
Cash + Supplies + Equipment − Accounts Payable = Equity
$32,100 + $750 + $11,500 − $10,300 = $34,050

148) B
Assets − Liabilities = Equity
Cash + Supplies + Equipment − Accounts Payable = Equity
$30,000 + $600 + $10,000 − $8,500 = $32,100

149) B

150) C

151) B
Assets = Liabilities + Stockholders' Equity
Assets would decrease by $45,000 in Cash due to the payment of the accounts payable.
Liabilities would also decrease by $45,000 in Accounts Payable due to the payment of an obligation. There is no effect on Stockholders' Equity.

152) B
Assets = Liabilities + Stockholders' Equity
Assets would decrease by $30,000 in Cash due to the payment of the accounts payable.
Liabilities would also decrease by $30,000 in Accounts Payable due to the payment of an obligation. There is no effect on Stockholders' Equity.

153) D

154) D

155) E

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Assets = Liabilities + Stockholders' Equity
$602,000 = $251,000 + $351,000
Assets increase by $76,000 (Equipment) due to the purchase.
Liabilities also increase by $76,000 (Accounts Payable) due to the purchase on credit.

156) E
Assets = Liabilities + Stockholders' Equity
$600,000 = $250,000 + $350,000
Assets increase by $75,000 (Equipment) due to the purchase.
Liabilities also increase by $75,000 (Accounts Payable) due to the purchase on credit.

157) C

158) D
Assets = Liabilities + Stockholders' Equity
Change in Assets = Change in Liabilities + Change in Stockholders' Equity
Change in Assets = + $109,000 − $47,000
Change in Assets = Increase of $62,000

159) D
Assets = Liabilities + Stockholders' Equity
Change in Assets = Change in Liabilities + Change in Stockholders' Equity
Change in Assets = + $75,000 − $30,000
Change in Assets = Increase of $45,000

160) A

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Assets = Liabilities + Stockholders' Equity
Change in Assets = Change in Liabilities + Change in Stockholders' Equity
Increase of $97,000 = Increase of $71,000 + Change in Stockholders' Equity
Change in Owner's Equity = Increase of $26,000

161) A
Assets = Liabilities + Stockholders' Equity
Change in Assets = Change in Liabilities + Change in Stockholders' Equity
Increase of $89,000 = Increase of $67,000 + Change in Stockholders' Equity
Change in Stockholders' Equity = Increase of $22,000

162) A
Assets = Liabilities + Stockholders' Equity
Change in Assets = Change in Liabilities + Change in Stockholders' Equity
Change in Assets = + $114,000 − $39,000
Change in Assets = + $75,000

163) A
Assets = Liabilities + Stockholders' Equity
Change in Assets = Change in Liabilities + Change in Stockholders' Equity
Change in Assets = + $74,000 − $19,000
Change in Assets = + $55,000

164) C

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Assets = Liabilities + Stockholders' Equity
Assets will decrease by $38,000 in Cash due to the payment of the debt.
Liabilities will decrease by $38,000 in Accounts payable due to the payment of the debt.
Stockholders' Equity would not be affected by this transaction.

165) B
Assets = Liabilities + Stockholders' Equity
$375,000 = Liabilities + $125,000
Liabilities = $250,000

166) B
Assets = Liabilities + Stockholders' Equity
$365,000 = Liabilities + $120,000
Liabilities = $245,000

167) A
Return on Assets = Net Income/Average Total Assets
Return on Assets = $189 million/$1,940 million = 0.097 = 9.7%

168) A
Return on Assets = Net Income/Average Total Assets
Return on Assets = $240 million/$2,000 million = 0.12 = 12%

169) C
Return on Assets = Net Income/Average Total Assets
Return on Assets = $357 million/$2,020 million = 0.177 = 17.7%

170) C
Return on Assets = Net Income/Average Total Assets
Return on Assets = $160 million/$2,000 million = 0.08 = 8%

171) B
Return on Assets = Net Income/Average Total Assets
Return on Assets = $29,955/[($211,000 + $257,000)/2]
Return on Assets = $29,955/$234,000 = 0.128 = 12.8%

172) B

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Return on Assets = Net Income/Average Total Assets
Return on Assets = $18,955/[($200,000 + $246,000)/2]
Return on Assets = $18,955/$223,000 = 0.085 = 8.5%
173) D
Return on Assets = Net Income/Average Assets
Return on Assets = $62,000/[($269,000 + $319,000)/2]
Return on Assets = $62,000/$294,000 = 0.211 = 21.1%
174) D
Return on Assets = Net Income/Average Total Assets
Return on Assets = $43,000/[($250,000 + $300,000)/2]
Return on Assets = $43,000/$275,000 = 0.156 = 15.6%
175) C
176) C
177) D
178) E
179) B
180) D
181) C
182) A
183) B
184) E
185) E
186) A
187) C
188) C
Assets = Liabilities + Stockholders' Equity
Cash + Equipment + Buildings = Liabilities + Stockholders' Equity
$58,000 + $207,000 + $176,000 = $142,000 + Stockholders' Equity
$441,000 = $142,000 + Stockholders' Equity; Stockholders' Equity = $299,000

Financial Accounting Information for Decisions 10th edition Wild Test Bank

189) C
Assets = Liabilities + Stockholders' Equity
Cash + Equipment + Buildings = Liabilities + Stockholders' Equity
$57,000 + $206,000 + $175,000 = $141,000 + Stockholders' Equity
$438,000 = $141,000 + Stockholders' Equity; Stockholders' Equity = $297,000

190) A
Assets – Liabilities = Stockholders' Equity
Cash + Buildings + Land – Liabilities = Stockholders' Equity
$83,000 + $131,500 + $223,000 − $138,000 = $299,500

191) E
Assets − Liabilities = Stockholders' Equity
Cash + Buildings + Land − Liabilities = Stockholders' Equity
$70,000 + $125,000 + $205,000 − $130,000 = $270,000

192) A
Net Income = Revenues − Expenses
Net Income = Consulting Revenue − Employee Salaries Expense − Interest Expense − Rent Expense
Net Income = $444,000 − $191,000 − $21,000 − $31,000; Net Income = $201,000

193) A
Net Income = Revenues − Expenses
Net Income = Consulting Revenue − Employee Salaries Expense − Interest Expense − Rent Expense
Net Income = $400,000 − $180,000 − $10,000 − $20,000; Net Income = $190,000

194) D

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Revenues − Expenses = Net Income
Service Revenue − Rent Expense − Utilities Expense − Salaries Expense
$300,000 − $48,000 − $3,200 − $81,000 = $167,800
195) B
196) E
197) A
Net Change in Cash = Cash Flows from Operating Activities + Cash Flows from Investing
Activities + Cash Flows from Financing Activities
Net Change in Cash = $67,500 + ($52,000) + $30,000; Net Change in Cash = $45,500
198) A
Net Change in Cash = Cash Flows from Operating Activities + Cash Flows from Investing Activities + Cash Flows from Financing Activities
Net Change in Cash = $60,500 + ($47,000) + $25,000; Net Change in Cash = $38,500
199) D
Ending Equity = Beginning Equity + Stockholder Investments + Net Income − Dividends
Ending Equity = $287,000 + $21,000 + $66,000 − $55,000; Ending Equity = $319,000
200) D
Ending Equity = Beginning Equity + Stockholder Investments + Net Income − Dividends
Ending Equity = $257,000 + $6,000 + $51,000 − $40,000; Ending Equity = $274,000
201) D

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Beginning Equity + Stockholder Investments + Net Income − Dividends = Ending Equity

$277,000 + $0 + $63,000 − $25,000 = $315,000

202) B

203) C

Assets = Liabilities + Stockholders' Equity

Cash + Accounts Receivable + Office Equipment = Accounts Payable + Stockholders' Equity

$42,000 + $26,000 + $60,000 = $27,000 + Stockholders' Equity

$128,000 = $27,000 + Stockholders' Equity; Stockholders' Equity = $101,000

204) C

Assets = Liabilities + Stockholders' Equity

Cash + Accounts Receivable + Office Equipment = Accounts Payable + Stockholders' Equity

$22,000 + $16,000 + $50,000 = $17,000 + Stockholders' Equity

$88,000 = $17,000 + Stockholders' Equity; Stockholders' Equity = $71,000

205) E

Assets = Liabilities + Stockholders' Equity

Assets = $108,000 + (Beginning Equity + Revenues − Expenses)

Assets = $108,000 + ($177,000 + $242,000 − $181,000)

Assets = $108,000 + $238,000; Assets = $346,000

206) E

Assets = Liabilities + Stockholders' Equity

Assets = $92,000 + (Beginning Equity + Revenues − Expenses)

Assets = $92,000 + ($145,000 + $210,000 − $165,000)

Assets = $92,000 + $190,000; Assets = $282,000

207) B

Financial Accounting Information for Decisions 10th edition Wild Test Bank

Return on Assets = Net Income/Average Total Assets
Return on Assets = $25,000/[($215,000 + $315,000)/2]
Return on Assets = $25,000/$265,000 = 0.094 = 9.4%

208) B

Return on Assets = Net Income/Average Total Assets
Return on Assets = $17,500/[($200,000 + $300,000)/2]
Return on Assets = $17,500/$250,000 = 0.07 = 7.0%

209) A

Return on Assets = Net Income/Average Total Assets
Return on Assets = (Revenues − Expenses)/Average Total Assets
Return on Assets = ($82,000 − $51,000)/[($401,000 + $451,000)/2]
Return on Assets = $31,000/$426,000 = 0.0728 = 7.3%

210) A

Return on Assets = Net Income/Average Total Assets
Return on Assets = (Revenues − Expenses)/Average Total Assets
Return on Assets = ($80,000 − $50,000)/[($400,000 + $450,000)/2]
Return on Assets = $30,000/$425,000 = 0.0705 = 7.1%

211) C

Net Increase/(Decrease) in Cash = Cash Flows from Operating Activities + Cash Flows from Investing Activities + Cash Flows from Financing Activities
Net Increase/(Decrease) in Cash = $45,000 + ($40,000) + ($30,000)
Net Increase/(Decrease) in Cash = ($25,000)

212) C

Net Increase/(Decrease) in Cash = Cash Flows from Operating Activities + Cash Flows from Investing Activities + Cash Flows from Financing Activities
Net Increase/(Decrease) in Cash = $27,000 + ($22,000) + ($12,000)
Net Increase/(Decrease) in Cash = ($7,000)

213) D

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Net Income = Revenues − Expenses
Net Income = $103,000 − $74,000; Net Income = $29,000
214) D
Net Income = Revenues − Expenses
Net Income = $83,000 − $64,000; Net Income = $19,000
215) A
Ending Equity = Beginning Equity + Revenues − Expenses + Stock issuances − Dividends
Ending Equity = $77,000 + $105,000 − $70,000 + 0 − $9,500
Ending Equity = $102,500
216) A
Ending Equity = Beginning Equity + Revenues − Expenses + Stock issuances − Dividends
Ending Equity = $72,000 + $90,000 − $65,000 + 0 − $9,000
Ending Equity = $88,000
217) E
Ending Equity = Beginning Equity + Net Income − Dividends
Ending Equity = $52,000 + $35,000 − $12,000 = $75,000
218) C
Assets − Equity = Liabilities
Cash + Accounts Receivable + Equipment − Equity = Liabilities
$43,000 + $49,000 + $88,000 − $91,000 = $89,000
219) C
Assets − Equity = Liabilities
Cash + Accounts Receivable + Equipment − Equity = Liabilities
$24,000 + $30,000 + $50,000 − $72,000 = $32,000
220) D
Assets and equity both increase at the time the rent is earned.
221) D
222) E

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223) A
224) D
225) C
226) A
227) B
228) B
229) E
230) C
231) D
232) A
233) B
234) C
235) C
236) A
237) B
238) C
239) D
240) B
241) B
242) E
243) B
244) A
245) D
246) B
247) D

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