ACCT 110 – SAMPLE Questions from Chapters

1. As of December 31, 2021, Bloch Company had $3,800 of assets, $1,600 of liabilities and $700 of retained earnings. The balance in the common stock amount on the December 31, 2013 balance sheet was

A $2,900

b.$3,800

c.$1,500

d. none of these

2. The transaction, “earned cash revenue, “ effects which two accounts?

* 1. Revenue and Salaries Expense
  2. Cash and Notes Payable
  3. Cash and Revenue
  4. Cash and Dividends

3. During 2021, Bledsoe Company earned $6,700 of cash revenue, paid cash dividends of $950 to owners and paid $5,000 for cash expenses. Liabilities were unchanged. Which of the following accurately describes the effect of these events on the elements of the company’s financial statements?

a. Assets increased by $7,700

b. Assets increased by $750

c. Equity increased by $2,700

d. Assets increased by $750 and Equity increased by $2,700

1. At the end of 2021, retained earnings for the Bisk Company was $1,750. Revenue earned by the company in 2021 was $2,000, expenses paid during the period were $1,100, and dividends paid during the period were $500. Based on this information alone, retained earnings at the beginning of 2022 were…..
   1. $850
   2. $2,150
   3. $1,350
   4. $4,000
2. Which of the following is NOT an asset use transaction?
   1. Paying cash to purchase land
   2. Paying cash expenses
   3. Paying off the principal of a loan
   4. All of these are asset use transaction
3. Borrowing cash from the bank is an example of which type of transaction?
   1. Asset exchange
   2. Claims use
   3. Asset use
   4. Asset source
4. Which of the following could describe the effects of an asset exchange transaction on a company’s financial statements?

Assets = Liab. + Equity Rev. - Exp. = Net Inc. CashFlow

a. NA = NA + NA NA - NA = NA +OA

b. + = NA + + NA - NA = NA +FA

c. - = NA + - NA - NA = NA NA

d. + = + + NA NA - NA = NA +FA

1. Which of the following describes the effects of an asset use transaction on a company’s financial statements?

Assets = Liab. + Equity Rev - Exp. = Net Inc. Cash Flow

a. - = - + NA NA - NA = NA -OA

b. - = - + NA NA - NA = NA NA

c. - = NA = - NA - + = - -OA

d. Any of these

1. Which of the following statements regarding cash transactions is true?
   1. Purchasing land for cash results in no net change in assets
   2. Issuance of stock to owners increases assets
   3. Expense transactions increase assets
   4. Purchasing land for cash results in no net change in assets and issuance of stock to owners increases assets.
2. Revenue on account amounted to $4,000. Cash collections of accounts receivable amounted to $2,300. Expenses for the period were $2,100. The company paid dividends of $450. Net income for the period was….
   1. $200
   2. $1,450
   3. $1,850
   4. $1,900
3. The recognition of an expense may be accompanied by which of the following?
   1. An increase in assets
   2. A decrease in liabilities
   3. A decrease in revenue
   4. An increase in liabilities
4. Which of the following would be classified as a product cost?
   1. FOB shipping point
   2. Utilities expense
   3. Office equipment
   4. Rent expense

13. Cost of Goods sold is what type of account?

a. asset

b. liability

c. revenue

d. expense

Answer KEY

1. C

2.C

3.B

4. B

5.D

6.C

7.A

8.A

9.D

10.D

11.D

12.A

13.D