Test Bank for Fundamentals Of Financial Accounting CDN 7th Phillips

Chapter 01 Test Bank - Algorithmic

CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

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

1) Coast Company has 10,400 items of building supplies on hand that cost $312,000; a bill from the vendor for $140,000 of these supplies has not yet been paid. The company expects to earn $804,000 for its services when it uses the building supplies. The company’s balance sheet would include an asset, Supplies, in the amount of:
   A) $10,400.
   B) $172,000.
   C) $804,000.
   D) $312,000.

2) At the end of last year, the company's assets totaled $878,000 and its liabilities totaled $749,000. During the current year, the company's total assets increased by $59,800 and its total liabilities increased by $24,900. At the end of the current year, shareholder's equity was:
   A) $129,000.
   B) $188,800.
   C) $34,900.
   D) $163,900.

3) A company's balance sheet contained the following information:

Common Shares	$12,900	Total Assets	$185,000
Accounts Payable	64,900	Retained Earnings	28,900

Notes Payable is the only other item on the balance sheet. Notes Payable must equal:
   A) $15,700.
   B) $78,300.
   C) $80,200.
   D) $13,400.

4) A company began the year with assets of $105,000, liabilities of $22,500, and shareholders' equity of $82,500. During the year assets increased $55,500 and shareholders' equity increased $21,000. What was the change in liabilities for the year?
   A) Increase of $76,500
   B) Increase of $34,500
   C) Decrease of $76,500
   D) Decrease of $34,500

5) During its first year of operations, Puffin, Inc. reported Sales Revenue of $389,200 but collected only $313,000 from customers. At the end of the year, Accounts Receivable equals:
   - A) $313,000.
   - B) $76,200.
   - C) $389,200.
   - D) $702,200.

6) If Blair Industries had $19 million in revenue and net income of $11 million, then its:
   - A) expenses must have been $30 million.
   - B) expenses must have been $8 million.
   - C) assets must have been $19 million.
   - D) assets must have been $11 million.

7) The WeBuild Construction Company sold $19 million of buildings in its first year of operations. The company received payments of $11.50 million for these buildings. The company's income statement would report:
   - A) Expenses of $7.50 million.
   - B) Accounts Receivable of $11.50 million.
   - C) Sales Revenue of $19 million.
   - D) Sales Revenue of $11.50 million.

8) During the first year of operations, a company sold $108,000 of goods to customers and received $94,000 in cash from customers. The remainder is owed to the company at the end of the year. The company incurred $70,800 in expenses for the year and paid $65,800 in cash for these expenses. The remainder is owed by the company at the end of the year. Based on this information, what is the amount of net income for the year?
   - A) $37,200
   - B) $42,200
   - C) $23,200
   - D) $28,200

9) The statement of cash flows shows the following information:
   - Cash provided by operating activities of $17,200
   - Cash used by investing activities of $7,700
   - Cash used by financing activities of $2,200

   The beginning cash was $15,400. What is the amount of cash at the end of the period?
   - A) $32,600.
   - B) $8,100.
   - C) $42,500.
   - D) $22,700.

10) Robin Hood's statement of cash flows contained the following:
- Cash flows from operating activities in the amount of $29,500
- Cash flows from investing activities in the amount of $30,500
- Cash flows from (used by) financing activities in the amount of ($44,500)

What was Robin Hood's change in cash for the period?
A) $14,000 decrease
B) $15,500 increase
C) $15,500 decrease
D) $14,000 increase

11) Golden Enterprises started the year with the following: Assets $129,000; Liabilities $43,500; Common Shares $73,500; Retained Earnings $12,000. During the year, the company earned revenue of $6,800, all of which was received in cash, and incurred expenses of $3,900, all of which were unpaid as of the end of the year. In addition, the company paid dividends of $2,800 to owners. Assume no other activities occurred during the year.
What was the amount of Golden's net income for the year?
A) $3,900
B) $2,900
C) $6,800
D) $2,800

12) Golden Enterprises started the year with the following: Assets $121,000; Liabilities $41,500; Common Shares $71,500; Retained Earnings $8,000. During the year, the company earned revenue of $6,400, all of which was received in cash, and incurred expenses of $3,700, all of which were unpaid as of the end of the year. In addition, the company paid dividends of $2,400 to owners. Assume no other activities occurred during the year.

The amount of Golden's retained earnings at the end of the year is:
A) $2,400.
B) $14,400.
C) $10,700.
D) $8,300.

13) Golden Enterprises started the year with the following: Assets $102,000; Liabilities $32,000; Common Shares $62,000; Retained Earnings $8,000. During the year, the company earned revenue of $5,200, all of which was received in cash, and incurred expenses of $3,100, all of which were unpaid as of the end of the year. In addition, the company paid dividends of $1,200 to owners. Assume no other activities occurred during the year.
The amount of Golden's liabilities at the end of the year is:
A) $34,100.
B) $35,100.
C) $32,000.
D) $29,900.

14) Golden Enterprises started the year with the following: Assets $100,000; Liabilities $30,000; Common Shares $60,000; Retained Earnings $10,000. During the year, the company earned revenue of $5,000, all of which was received in cash, and incurred expenses of $3,000, all of which were unpaid as of the end of the year. In addition, the company paid dividends of $1,000 to owners. Assume no other activities occurred during the year.
The amount of Golden's assets at the end of the year is:
   A) $108,000.
   B) $105,000.
   C) $104,000.
   D) $107,000.

15) A company's financial records at the end of the year included the following amounts:

Cash	$ 70,700
Accounts Receivable	28,700
Supplies	4,700
Accounts Payable	10,700
Notes Payable	5,350
Retained Earnings, beginning of year	17,700
Common Shares	47,000
Service Revenue	48,450
Wages Expense	8,700
Advertising Expense	5,700
Rent Expense	10,700

What is the amount of net income on the income statement for the year?
   A) $32,050.
   B) $23,350.
   C) $41,050.
   D) $89,750.

16) A company's financial records at the end of the year included the following amounts:

Cash	$ 70,100
Accounts Receivable	28,100
Supplies	4,100
Accounts Payable	10,100
Notes Payable	5,050
Retained Earnings, beginning of year	17,100
Common Shares	41,000
Service Revenue	52,350
Wages Expense	8,100
Advertising Expense	5,100
Rent Expense	10,100

What is the amount of total assets to be reported on the balance sheet at the end of the year?

A) $102,300.
B) $119,400.
C) $112,400.
D) $154,650.

17) A company's financial records at the end of the year included the following amounts:

Cash	$ 71,400
Accounts Receivable	29,400
Supplies	5,400
Accounts Payable	11,400
Notes Payable	5,700
Retained Earnings, beginning of year	18,400
Common Shares	54,000
Service Revenue	43,900
Wages Expense	9,400
Advertising Expense	6,400
Rent Expense	11,400

What is the amount of total shareholder's equity that would be reported on the Balance Sheet at the end of the year?

A) $106,200.
B) $89,100.
C) $72,400.
D) $16,700.

18) Puffin Co. began the year with assets of $101,000 and liabilities of $75,500. During the year assets increased by $12,200 and liabilities decreased by $9,100.
What is the amount of Puffin's shareholder's equity at the beginning of the year?
   A) $88,800
   B) $97,000
   C) $101,000
   D) $25,500

19) Puffin Co. began the year with assets of $113,000 and liabilities of $81,500. During the year assets increased by $14,600 and liabilities decreased by $10,300.
What is the amount of the change in Puffin's shareholder's equity during the year?
   A) $4,300 increase
   B) $24,900 increase
   C) $4,300 decrease
   D) $24,900 decrease

20) The first year of operations for a company was Year 1. The net income for Year 1 was $21,400 and dividends of $12,700 were paid. In Year 2, the company reported net income of $35,400 and paid dividends of $5,700. At the end of Year 1, the company had total assets of $164,000. At the end of Year 2, the company had total assets of $ $254,000.

What was the amount of retained earnings at the end of Year 1?
   A) $21,400
   B) $19,200
   C) $8,700
   D) $17,800

21) The first year of operations for a company was Year 1. The net income for Year 1 was $21,000 and dividends of $12,500 were paid. In Year 2, the company reported net income of $35,000 and paid dividends of $5,500. At the end of Year 1, the company had total assets of $160,000. At the end of Year 2, the company had total assets of $ $250,000.

What is the amount of retained earnings at the end of Year 2?
   A) $38,000
   B) $140,150
   C) $29,500
   D) $130,150

22) Blue Fin started the current year with assets of $703,000, liabilities of $351,500 and common shares of $203,000. During the current year, assets increased by $403,000, liabilities decreased by $51,500 and common shares increased by $278,000. There was no payment of dividends to owners during the year.

Based on this information, what was the amount of Blue Fin's retained earnings at the beginning of the year?

A) $454,500
B) $148,500
C) $73,500
D) $554,500

23) Blue Fin started the current year with assets of $709,000, liabilities of $354,500 and common shares of $209,000. During the current year, assets increased by $409,000, liabilities decreased by $54,500 and common shares increased by $284,000. There was no payment of dividends to owners during the year.
Use the information above to answer the following question. What was the amount of Blue Fin's change in total shareholder's equity during the year?

A) $229,500 increase
B) $284,000 increase
C) $463,500 increase
D) $145,500 increase

24) Blue Fin started the current year with assets of $704,000, liabilities of $352,000 and common shares of $204,000. During the current year, assets increased by $404,000, liabilities decreased by $52,000 and common shares increased by $279,000. There was no payment of dividends to owners during the year.
Use the information above to answer the following question. What was the amount of Blue Fin's net income for the year?

A) $279,000
B) $456,000
C) $177,000
D) $227,000

Chapter 01 Test Bank - Algorithmic

Answer Key

Test name: Chapter 01 Test Bank
- Algorithmic

1) D
2) D
3) B
4) B
5) B
6) B
7) C
8) A
9) D
10) B
11) B
12) D
13) B
14) C
15) B
16) A
17) B
18) D
19) B
20) C
21) A
22) B
23) C
24) C