1. Which of the following items is an example of revenue?
A. Cash received from issuing common stock
B. Cash received from providing services for customers
C. Cash received from selling land at its original cost
D. Cash received from issuing a note

2. The balance sheet of the Pierce Company reported assets of $100,000, liabilities of $42,000 and retained earnings of $38,000. Based on this information only, the amount or balance for common stock must be
A. $4,000
B. $58,000
C. $20,000
D. $80,000

3. Hancock Company issued common stock for $50,000 cash. As a result of this event,
A. assets decreased.
B. equity increased.
C. liabilities increased.
D. revenue increased.

4. If Vanguard Company reported assets of $20,000 and stockholders’ equity of $12,000, Vanguard's liabilities totaled
A. $8,000.
B. $0.
C. $32,000.
D. none of the above.

5. Which of the following financial statements provides information about a company over a period of time, such as a year?
A. Income statement
B. Balance sheet
C. Statement of cash flows
D. Both A and C

6. In which section of a statement of cash flows would the payment of cash expenses be reported?
A. Operating activities.
B. Investing activities.
C. Financing activities.
D. Expenses are not reported on the statement of cash flows.

7. Northern Company earned $2,500 of cash revenue, paid $1,700 for cash expenses, and paid a $250 cash dividend to its owners. Which of the following statements is true?
A. The net cash inflow from operating activities was $550.
B. The net cash outflow for investing activities was $250.
C. The net cash inflow from operating activities was $800.
D. Both B and C are true.

8. Hanover Company provided services to a customer for $300 cash. As a result of this event,
A. total assets increased and total equity increased.
B. total assets were unchanged and cash flows from operating activities increased.
C. cash flows from financing activities increased and net income increased.
D. total assets increased and total liabilities increased.

9. Retained Earnings at the beginning and ending of the accounting period was $500 and $800, respectively. If expenses were $600 and dividends paid to stockholders were $100, revenue for the period must have been
A. $300.
B. $500.
C. $900.
D. $1,000.

10. Mathers Company paid $20,000 cash to purchase land. As a result of this business event,
A. Total assets were not affected.
B. The net cash flow from investing activities decreased.
C. Net income was not affected
D. All of the above are correct.

11. Dividends paid by a company are shown on the
A. income statement and statement of changes in stockholders’ equity.
B. statement of changes in stockholders' equity and balance sheet.
C. statement of cash flows and statement of changes in stockholders’ equity.
D. income statement and balance sheet.

12. Vargas Company earned $12,000 of cash revenue. Which of the following choices accurately reflects how this event affects the company's financial statements?
  
A. 
B. 
C. 
D. 

13. Brooks Company acquired $10,000 by issuing common stock. Which of the following choices accurately reflects how this event affects the company's financial statements?
  
A. 
B. 
C. 
D. 

14. Zeus Company sold land for $15,000 cash. The original cost of the land was $15,000. Select the answer that indicates how this event affects the company's financial statements.
  
A. 
B. 
C. 
D. 

15. Rudolph Company experienced an accounting event that affected its financial statements as indicated below:

 
Which of the following accounting events could have caused these effects on Rudolph’s statements?
A. Provided consulting services for cash.
B. Issued a note to a bank.
C. Issued common stock.
D. Sold land for its original purchase price.

16. Gavin Company experienced an accounting event that affected its financial statements as indicated below:

 
Which of the following accounting events could have caused these effects on Rudolph’s statements?
A. Paid cash to purchase land.
B. Repaid a bank loan.
C. Paid cash for utilities expense.
D. Paid a cash dividend to stockholders.

17. Flagler Company experienced an accounting event that affected its financial statements as indicated below:

 
Which of the following accounting events could have caused these effects on Flagler’s statements?
A. Paid cash to purchase land.
B. Repaid a bank loan.
C. Paid utilities expense.
D. Paid a dividend to stockholders.

18. ABC Company began the year with $600 in cash, $100 in notes payable, $200 in common stock and $300 in retained earnings. During the year, the company earned $350 in cash revenue and paid $250 in cash expenses. ABC also paid a $50 cash dividend. At the end of the year, the retained earnings account would have a balance of

A. $250.
B. $300.
C. $350.
D. $400.

19. Galveston Company began business by issuing common stock for $10,000. During the year, it earned $15,000 in cash revenue and paid $11,000 in cash expenses. The company paid $500 in dividends. Which of the following is false?

A. Net income for the year is $4,000.
B. Retained earnings at year end is $3,500.
C. Cash at the end of the year is $3,500.
D. Net cash flow for financing activities is $9,500.

20. Which of the following is a true statement?

A. Paying cash to purchase land decreases equity.
B. Issuing common stock is a cash inflow from investing activities.
C.  Issuing a note payable decreases liabilities.
D. Paying cash dividends decreases retained earnings.