Which of the Following transactions had the effect of increasing stockholder’s equity?

a. Net income is less than dividends
b. A net loss is less than dividends
c. Net income is greater than dividends
d. More information is needed to answer the questions

**Answer: C**

An advertising campaign would cost $200,000. It is believed that it would result in either a $400,000 or a $100,000 increase in profit. The probabilities of these two outcomes are 0.3 and 0.7, respectively. Is the campaign worth its projected cost?

a. Yes, you might get as much as $200,000 more than you paid for the campaign.
b. No, its expected value is only $190,000, which is less than its projected cost
c. Yes, its expected value is at least as much as its projected cost.
d. No, because advertising campaigns do not usually work as well as expected.

**Answer: B**

Recognition of Accounts Receivable for a sale made by a merchandiser is made with which of the following entries:

a. Debit Accounts Receivable
   Credit Sales
b. Debit Accounts Receivable
   Credit Cash
c. Debit Accounts Due
   Credit Accounts Receivable
d. Debit Cash
   Credit Accounts Receivable

**Answer: A**

If we purchase an investment for $6,000 and if the investment appreciates at the rate of 10% annually then what is it worth after 3 years?

a. $7,260.00
b. $6,600.00
c. $1,800.00
d. $7,986.00

**Answer: D**