

Question 1

Flynn Company uses LIFO for tax purposes and external reporting purposes. For internal reporting purposes, Flynn Company uses FIFO.

Required:

List a few reasons why a company uses different inventory costing methods for different purposes.

Answer: <https://biology-forums.com/index.php?topic=1858873>

Question 2

Which inventory costing method most closely approximates current cost for each of the following line items on the financial statements?

A)

Ending InventoryCost of Goods Sold

FIFOFIFO

B)

Ending InventoryCost of Goods Sold

LIFOLIFO

C)

Ending InventoryCost of Goods Sold

FIFOLIFO

D)

Ending InventoryCost of Goods Sold

LIFOFIFO

Answer: <https://biology-forums.com/index.php?topic=1858870>

Question 3

IFRS does not permit the use of the fair value option.

[b][True or False][b]

Answer: <https://biology-forums.com/index.php?topic=1859196>

Question 4

If, at the lease commencement date, it is likely that the lessee will exercise the purchase option, then the amount of the purchase option is included in the computation of the lease payments.

[b][True or False][b]

Answer: <https://biology-forums.com/index.php?topic=1859550>

Question 5

Cash receipts from collection notes receivable are classified as investing activities.

[b][True or False][b]

Answer: <https://biology-forums.com/index.php?topic=1859803>

Question 6

Betz Corporation entered into a capital lease on January 1 of the current year. The lease is for 8 years and calls for the first payment to be made at the inception. The first annual minimum lease payment will contain which of the following components?

A)

Interest ExpenseLease Liability

YesYes

B)

Interest ExpenseLease Liability

NoNo

C)

Interest ExpenseLease Liability

NoYes

D)

Interest ExpenseLease Liability

YesNo

Answer: <https://biology-forums.com/index.php?topic=1859474>

Question 7

Lithotech, Inc had net sales in 2016 of \$900,000. At December 31, 2016, before adjusting entries, the balances in selected accounts were: accounts receivable \$126,000 debit, and allowance for doubtful accounts \$1500 debit. Lithotech estimates that 1% of its net sales will prove to be uncollectible. What is the cash realizable value of the receivables reported on the statement of financial position at December 31, 2016?

- A) \$118,500
- B) \$117,000
- C) \$126,000
- D) \$124,500

Answer: <https://biology-forums.com/index.php?topic=1858806>

Question 8

The debit for a sales tax paid on the purchase of machinery would be a charge to _____.

- A) accumulated depreciation for machinery
- B) a deferred liability account
- C) the machinery account
- D) miscellaneous tax expense

Answer: <https://biology-forums.com/index.php?topic=1858925>

Question 9

The first step in applying the gross profit method of determining inventory is to take a physical count of the goods.

[b][True or False][b]

Answer: <https://biology-forums.com/index.php?topic=1858895>

Question 10

In 2014, Squirrel Corp. recorded book income of \$175,000. It has one temporary difference which relates to a \$40,000 warranty expense that it recorded for book purposes, and no permanent differences. Squirrel anticipates satisfying this liability equally over the following two years. The current enacted tax rate is 36%. The enacted tax rates for the following four years are 26%, 31%, 26% and 36%, respectively. Under U.S. GAAP, what deferred tax amount should Squirrel Corp. record for this temporary difference?

- A) \$11,400
- B) \$10,400
- C) \$12,400
- D) \$13,400

Answer: <https://biology-forums.com/index.php?topic=1859396>

Question 11

Changes in amortization, depletion, and depreciation effected by a change in accounting principle are are handled prospectively.

[b][True or False][b]

Answer: <https://biology-forums.com/index.php?topic=1859743>

Question 12

When inventory costs are falling, and inventory levels are stable, the LIFO method will generally result in _____.

- A) a higher gross profit than under FIFO
- B) a lower gross profit than under FIFO
- C) a lower inventory value than under FIFO
- D) a higher cost of goods sold than under FIFO

Answer: <https://biology-forums.com/index.php?topic=1858860>

Question 13

In reconciling information to complete its financial statements, Flying High Corporation discovered the following situations:

Net income before taxes and the changes \$400,000

Income tax rate 35%

Bad debt expense increased 1% of sales

Sales \$900,000

Equipment original cost \$500,000

Equipment accumulated depreciation \$200,000

Method of depreciation unchanged DDB

Remaining life changed from 5 years to 3 years

Required: Assuming that no depreciation had been recorded, recompute depreciation expense, bad debt expense, net income before taxes, income tax expense, and net income.

Answer: <https://biology-forums.com/index.php?topic=1859759>

Question 14

Which of the following is not a consideration for a company in determining whether to disclose more detail by security type?

- A) geographic concentration

- B) economic characteristic
- C) business sector
- D) total return on investment to date

Answer: <https://biology-forums.com/index.php?topic=1859342>

Question 15

Accounting estimate changes are handled prospectively.

[b][True or False]/b]

Answer: <https://biology-forums.com/index.php?topic=1859711>

Question 16

Income available to common shareholders is net income minus dividends paid during the year to preferred shareholders.

[b][True or False]/b]

Answer: <https://biology-forums.com/index.php?topic=1859634>

Question 17

The process of transferring information into individual ledger accounts is called _____.

- A) ledgering
- B) transferring
- C) journalizing
- D) posting

Answer: <https://biology-forums.com/index.php?topic=1858281>

Question 18

Which of the following is not a characteristic of relevance?

- A) confirmatory value
- B) materiality
- C) free from error
- D) predictive value

Answer: <https://biology-forums.com/index.php?topic=1858070>

Question 19

Under IFRS, asset retirement obligations are considered loss contingencies.

[b][True or False]/b]

Answer: <https://biology-forums.com/index.php?topic=1859073>

Question 20

List the steps in preparing a worksheet.

Answer: <https://biology-forums.com/index.php?topic=1858371>