

### Question 1

MDB had a \$1,200 temporary tax difference for deferred gross margin on instalment sales at the end of 20x12. This temporary difference will reverse equally during 20x13, 20x14, and 20x15. The enacted corporate income tax rate is 25% and Congress is discussing an increase in the corporate income tax rates for 20x14 and 20x15 to 35%. The deferred income tax liability related to this temporary difference at the end of 20x12 would be:

- A) \$100
- B) \$300
- C) \$380
- D) \$420

Answer: <https://biology-forums.com/index.php?topic=1870322>

### Question 2

What are some advantages to using ratio analysis? What are some of its limitations?

Answer: <https://biology-forums.com/index.php?topic=1870753>

### Question 3

Debt issue costs may be expensed or included in the cost of the debt.

[b][True or False?]/[b]

Answer: <https://biology-forums.com/index.php?topic=1869944>

### Question 4

Employers who provide contractual termination benefits must recognize a loss and a related liability when:

- A) the employees accept the termination benefit offer.
- B) the termination benefit can be reasonably estimated.
- C) it is probable that employees will be entitled to the benefit and the amount of the benefit can be reasonably estimated.
- D) the termination occurs.

Answer: <https://biology-forums.com/index.php?topic=1870511>

### Question 5

An adverse opinion is given if the auditor disagrees with the company on decisions made. This is generally not a serious condition as it relates only to a difference of opinion.

[b][True or False?]/[b]

Answer: <https://biology-forums.com/index.php?topic=1870713>

### Question 6

Use of the effective interest method for amortizing bond premiums and discounts is mandatory under IFRS but not under ASPE.

[b][True or False?]/[b]

Answer: <https://biology-forums.com/index.php?topic=1869950>

### Question 7

LS issued 200 common shares to BH (last share transaction was a year prior when LS sold 10 shares at \$4 per share), and received a patent in full payment. The patent had a current market value of \$2,000 and was carried on the books of TX at \$1,500. Under ASPE, common shares should be credited for:

- A) \$800
- B) \$1,500
- C) \$1,800
- D) \$2,000
- E) This transaction has no commercial substance, therefore no entry is required.

Answer: <https://biology-forums.com/index.php?topic=1870055>

### Question 8

A company carrying back a loss must use the earliest year first.

[b][True or False?]/[b]

Answer: <https://biology-forums.com/index.php?topic=1870282>

### Question 9

The amount of each rental payment on a sales type lease is based on the:

- A) cost of the leased asset.
- B) cost of the asset plus interest.
- C) cost of the asset plus profit.
- D) cost of the asset, profit, and interest.

Answer: <https://biology-forums.com/index.php?topic=1870411>

### Question 10

VCR Company owed a \$73,311 debt due on January 1, 2000. An agreement was reached to pay it off in three equal annual payments of \$30,000 each, starting on December 31, 2002. The interest rate was 11 percent. The balance in the liability account of VCR Company on January 1, 2002 is:

- A) \$27,027
- B) \$51,875
- C) \$73,321
- D) \$90,000

Answer: <https://biology-forums.com/index.php?topic=1869980>

### Question 11

In a popular business journal, JMR Ltd. was compared to KAR Corp. for the year ended December 31, 20x14. This is an example of:

- A) Cross sectional comparison
- B) Historical comparison
- C) Yearly comparison
- D) Longitudinal comparison
- E) Industrial comparison

Answer: <https://biology-forums.com/index.php?topic=1870735>

### Question 12

A primary reason for the analysis of financial statements is identification of major changes and to provide relative relationships among dollar amounts.

[b][True or False?][b]

Answer: <https://biology-forums.com/index.php?topic=1870697>

### Question 13

The amount and expiry date of unrecognized tax losses follow the same carry forward rules as recognized tax losses.

[b][True or False?][b]

Answer: <https://biology-forums.com/index.php?topic=1870295>

### Question 14

Explain why a company would want to classify a financial instrument as debt instead of equity?

Answer: <https://biology-forums.com/index.php?topic=1870189>

### Question 15

Explain what a temporary difference is and how it arises?

Answer: <https://biology-forums.com/index.php?topic=1870438>

### Question 16

When an accounting change is to be recorded and reported under the retrospective approach, the:

- A) Retained earnings is adjusted for the cumulative effect of the change.
- B) Cumulative effect of the change is reported as a special item in the income statement in the year of the change.
- C) Effect of the change is spread over the past, current, and future accounting periods.
- D) Pro forma financial statements for future years must be disclosed.

Answer: <https://biology-forums.com/index.php?topic=1870654>

### Question 17

The criteria of more likely or not must be met in order for a Company incurring a loss during the year and upon carry back had a tax recovery of \$135,000.

[b][True or False?][b]

Answer: <https://biology-forums.com/index.php?topic=1870293>

### Question 18

For a finance lease, the amount initially capitalized by the lessee is the sum of the future value of the periodic lease payments, plus the future value of any bargain purchase option.

[b][True or False?][b]

Answer: <https://biology-forums.com/index.php?topic=1870369>

### Question 19

Any operating or executory costs should be excluded from the calculation of the minimum lease payments.

[b][True or False?][b]

Answer: <https://biology-forums.com/index.php?topic=1870359>

### Question 20

The accrued pension obligation at the beginning of the year is \$340,000; the value of the plan assets at the beginning of the year is \$420,000. Assuming an interest factor of 7% what is the interest cost for the year?

A) \$29,400

B) \$21,000

C) \$23,800

D) \$26,500

Answer: <https://biology-forums.com/index.php?topic=1870514>