Student name:\_\_\_\_\_\_\_\_\_\_

1. All internal control systems need to be monitored.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-03 (Static) All internal control systems need...

1. Financial accounting information is characterized by all of the following except:

It is factual, so it does not require judgment to prepare.

It is enhanced by management's explanation.

It results from inexact and approximate measures.

It is historical in nature.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-66 (Static) Financial accounting information is...

1. Which of the following is generally not considered an external user of accounting information?

Bank lending officers

Financial analysts

Stockholders of a corporation

Factory managers

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-56 (Static) Which of the following is generally...

1. The viability of the global financial markets, and the accounting reporting systems that feed them, depends upon:

A sense of responsibility.

Financial integrity.

Public trust.

Corporate governance.

 **Question Details**AACSB : Ethics
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-82 (Static) The viability of the global...

1. Which of the following is not an objective of generally accepted accounting principles?

To increase the comparability of financial statements prepared by different companies

To minimize the amount of income taxes owed

To ensure that both preparers and users of financial statements understand the concepts and assumptions used in presenting information within these statements

To enhance the relevance and verifiability of information contained in financial statements

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-90 (Static) Which of the following is not an objective of...

1. The work of accountants practicing in public accounting may best be described as:

Developing and interpreting information tailored to the needs of business managers.

Helping governmental agencies carry out their various regulatory responsibilities.

Preparing income tax returns for individuals and small businesses.

Providing various types of accounting services to a wide variety of clients.

 **Question Details**AACSB : Communication
AICPA : BB Critical Thinking
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-108 (Static) The work of accountants practicing in...

1. A strong internal control structure:

Provides reasonable assurance that the organization produces reliable financial reports.

Ensures a business will remain solvent.

Will prevent a business from operating at a loss.

Will prevent fraud, theft, and embezzlement.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-40 (Static) A strong internal control structure:

1. Which of the following events is not a transaction that would be recorded in a company's accounting records?

The death of a key executive

The investment of additional cash in the business by the owner

The purchase of equipment for cash

The purchase of equipment on account

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-39 (Static) Which of the following events is...

1. Today, the most authoritative source of generally accepted accounting principles is the American Accounting Association.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Integrity of Accounting Information
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-19 (Static) Today, the most authoritative source of generally...

1. Financial statements may be prepared for which time period?

More than one year

One year

Any time period

Less than one year

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-55 (Static) Financial statements may be prepared for...

1. The designation of CPA is given by:

The SEC.

States.

Universities.

The AICPA.

 **Question Details**AACSB : Ethics
AICPA : FN Decision Making
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-111 (Static) The designation of CPA is given...

1. The field of accounting may best be described as:

The art of interpreting, measuring, and describing economic activity.

Developing information in conformity with generally accepted accounting principles.

Developing the information required for the preparation of income tax returns.

Recording the financial transactions of an economic entity.

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-32 (Static) The field of accounting may best be described...

1. Suppose a number of your friends have organized a company to develop and sell a new software product. They have asked you to loan them $9,500 to help get the company started, and they have promised to repay your $9,500 plus 10% interest in one year. Of the following, which amount may be described as the return on your investment?

$8,550

$10,450

$9,500

$950

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-43 (Static) Suppose a number of your friends have...

1. The statement of financial position and the income statement are one and the same.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-11 (Static) The statement of financial position...

1. **Required:(A)** What is meant by the phrase "generally accepted accounting principles"?
**(B)** Give the names of three organizations that currently play an active role in the development of accounting principles in the United States.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Integrity of Accounting Information
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-124 (Static) (A.) What is meant by...

1. Which financial statement is primarily concerned with reporting the financial position of a business at a particular time?

The income statement

Consolidated statement of stockholders' equity

The statement of cash flows

The statement of financial position (balance sheet)

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-53 (Static) Which financial statement is primarily...

1. Of the following objectives of financial reporting, which is the most specific?

Provide information useful in assessing amount, timing, and uncertainty of future cash flows

Provide specific information about economic resources, claims to resources, and changes in resources and claims

Provide information useful to help the enterprise achieve its goals, objectives, and mission

Provide general information useful in making investment and credit decisions

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-59 (Static) Of the following objectives of financial...

1. Although accounting information is used by a wide variety of external parties, financial reporting is primarily directed toward the informational needs of:

Investors and creditors.

Trade associations and labor unions.

Government agencies such as the Internal Revenue Service.

Customers.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-57 (Static) Although accounting information is used...

1. The Code of Ethics of the AICPA calls for a commitment to ethical behavior but not at the sacrifice of personal advantage.
* true
* false

 **Question Details**AACSB : Ethics
AICPA : BB Industry
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-07 Discuss the importance of personal competence, professional judgment, and
Topic : Competence, Judgment, and Ethical Behavior
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-26 (Static) The Code of Ethics of the AICPA...

1. The information systems of most business organizations:

Are similar in design to the journals, ledgers, and worksheets illustrated in this text.

Are designed by the CPA firm that performs the annual financial audit.

Utilize data bases, rather than ledger accounts.

Are tailored to meet the organization's needs for accounting information and the resources available for operating the system.

 **Question Details**AACSB : Technology
AICPA : FN Leveraging Technology
AICPA : BB Leveraging Technology
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-35 (Static) The information systems of...

1. Which of the following statements is considered a "snapshot" of the business in financial or dollar terms?

The federal income tax return

Income statement

Statement of cash flows

Statement of financial position (balance sheet)

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-64 (Static) Which of the following statements is...

1. Financial accounting standards issued by the FASB are considered generally accepted accounting principles.
* true
* false

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-22 (Static) Financial accounting standards issued...

1. A complete set of financial statements for Citywide Company, at December 31, Year 1, would include each of the following, except:

Income statement for the year ended December 31, Year 1.

Notes containing additional information that is useful in interpreting the financial statements.

Statement of projected cash flows for Year 2.

Statement of financial position (balance sheet) as of December 31, Year 1.

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-61 (Static) A complete set of financial statements...

1. Career opportunities in accounting exist in public accounting, management accounting, governmental accounting, and accounting education.
* true
* false

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-29 (Static) Career opportunities in accounting exist...

1. Generally accepted accounting principles are the general framework for determining what information is included in:

All accounting reports.

Financial statements.

Income tax returns.

Reports to federal and state regulatory agencies.

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-93 (Static) Generally accepted accounting principles...

1. The FASB takes on a responsibility to do the following, except:

Judge disputes between management and the CPA.

Set the objectives of financial reporting.

Describe the elements of financial statements.

Determine the criteria for deciding what information to include in financial statements.

 **Question Details**AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-100 (Static) The FASB takes on a responsibility to...

1. An accounting practice can become a "generally accepted accounting principle" through widespread use, even if the practice is not mentioned in the official pronouncements of the accounting standard-setting organizations.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-17 (Static) An accounting practice can become...

1. The CPA examination is administered by the General Accounting Office of the U.S. Government.
* true
* false

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Industry
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-24 (Static) The CPA examination is administered...

1. Listed below are various accounting organizations introduced in this chapter:
	* American Accounting Association
	* American Institute of CPAs
	* Financial Accounting Standards Board
	* Institute of Internal Auditors
	* Institute of Management Accountants
	* Internal Revenue Service
	* International Accounting Standards Board
	* Securities and Exchange Commission
		+ - 1. Private sector organization that establishes accounting standards.
				2. A professional organization that establishes standards for the conduct of professional services other than audits.
				3. A government organization that establishes financial reporting requirements for publicly-held companies in the United States.
				4. A federal government agency that audits many other agencies of the federal government and reports its findings to Congress.
				5. A professional organization dedicated to the improvement of accounting education, research, and practice.
				6. A professional organization that influences the concepts and ethical practice of management accounting.
				7. A professional organization that establishes global accounting standards.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Bloom's : Remember
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 01-08 Describe various career opportunities in accounting.
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Professional Organizations
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-116 (Static) Listed below are...

1. The body created by the Sarbanes Oxley Act and charged with oversight of the accounting profession is the:

Securities and Exchange Commission.

International Accounting Standards Board.

Auditing Standards Board.

Public Company Accounting Oversight Board.

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-96 (Static) The body created by the Sarbanes Oxley...

1. The objectives of an accounting system include all of the following, except:

Interpret and record the effects of business transactions.

Classify the effects of transactions to facilitate the preparation of reports.

Dictate the specific types of business transactions the enterprise may pursue.

Summarize and communicate information to decision makers.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-42 (Static) The objectives of an accounting system...

1. Listed below are various key terms introduced or emphasized in this chapter:
	* Audit
	* Return of investment
	* Generally accepted accounting principles
	* Income statement
	* Internal control structure
	* Management accounting
	* Return on investment
	* Statement of cash flows.
	* Statement of financial position (balance sheet)
		+ - 1. The repayment to an investor of the amount originally invested in an enterprise.
				2. An independent examination of financial statements designed to determine their fairness in relation to generally accepted accounting principles.
				3. The accounting standards and concepts used in the preparation of financial statements.
				4. A system of measures that provides reasonable assurance that the organization produces reliable financial reports, complies with applicable laws and regulations, and conducts its operations in an efficient and effective manner.
				5. A listing of assets, liabilities, and stockholders' equity as of a specific date.
				6. The payment of an amount for using another's money.
				7. An activity statement that shows the details of the company's activities involving cash during a period of time.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Financial Accounting Information
Topic : Integrity of Accounting Information
Topic : Information Systems
Topic : Management Accounting Information
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-114 (Static) Listed below are...

1. The NYSE requires all listed companies to:

Use IFRS (International Financial Reporting Standards) for financial statement reporting purposes.

Send financial statements directly to investors, creditors, and other users of financial information.

Register with the PCAOB (Public Company Accounting Oversight Board).

Maintain an internal audit function.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-36 (Static) The NYSE requires...

1. The financial statements of a business entity:

Provide information about the cash flow prospects of the company.

Include the statement of financial position (balance sheet), income statement, and income tax return.

Are the first step in the accounting process.

Are prepared for a fee by the Financial Accounting Standards Board.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-46 (Static) The financial statements of a business...

1. A data analytics system is the integrated management of core business processes that an organization can use to collect, store, manage, and interpret data across a wide range of business activities.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-04 (Static) A data analytics system...

1. Which of the following is not an important factor in ensuring the integrity of accounting information?

Institutional factors, such as standards for preparing information

Competence, judgment, and ethical behavior of individual accountants

Professional organizations, such as the American Institute of CPAs

The cost of preparing the financial information

 **Question Details**AACSB : Ethics
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-77 (Static) Which of the following is not an important...

1. Management accountants primarily are concerned with developing information:

For use in income tax returns.

Suited to the needs of stockholders, creditors, and other external decision makers.

In conformity with generally accepted accounting principles.

Suited to the needs of decision makers within the organization.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-110 (Static) Management accountants primarily are...

1. All of the following are characteristics of management accounting, except:

Information must be developed in conformity with generally accepted accounting principles or with income tax regulations.

Information may be tailored to assist in specific managerial decisions.

Reports are used primarily by insiders rather than by persons outside of the business entity.

Its purpose is to assist managers in planning and controlling business operations.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-72 (Static) All of the following are characteristics...

1. The content of management accounting reports needs to be presented in conformity with generally accepted accounting principles.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-15 (Static) The content of management accounting...

1. Financial statements are designed primarily to:

Provide people outside the business organization with information about the company's financial position and operating results.

Provide managers with detailed information tailored to the managers' specific information needs.

Indicate to investors the current market values of their investments in a particular company.

Report to the Internal Revenue Service the company's taxable income.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-48 (Static) Financial statements are designed primarily...

1. The Sarbanes-Oxley Act of 2002 created:

The Financial Accounting Standards Board.

The Public Company Accounting Oversight Board.

The Security and Exchange Commission.

The Income Tax Return Overview Board.

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-79 (Static) The Sarbanes-Oxley Act of...

1. The Public Company Accounting Oversight Board is responsible for creating and promoting International Financial Reporting Standards.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-18 (Static) The Public Company Accounting Oversight...

1. **Required:**List and describe the six articles of the AICPA Code of Professional Conduct that guide members in performing their professional responsibilities.

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Learning Objective : 01-07 Discuss the importance of personal competence, professional judgment, and
Topic : Professional Organizations
Topic : Competence, Judgment, and Ethical Behavior
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-126 (Static) List and describe the six articles of...

1. Audits of financial statements are performed by:

The controller of the reporting company.

The management of the reporting company.

The Financial Accounting Standards Board (FASB).

Independent certified public accountants (CPAs).

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-84 (Static) Audits of financial statements are...

1. **Required:**List and briefly describe the objectives of financial reporting beginning with the most general and ending with the most specific.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-119 (Static) List and briefly describe...

1. The measures used by an organization to provide reasonable assurance that the organization produces reliable financial reports, complies with applicable laws and regulations, and conducts its operations in an efficient and effective manner are collectively referred to as:

The internal control structure.

Securities and exchange regulations.

Financial accounting standards.

Generally accepted accounting principles.

 **Question Details**AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-97 (Static) The measures used by an organization...

1. The annual financial statements of large corporations such as Microsoft or PepsiCo need not be audited by independent certified public accountants, since these companies maintain large accounting departments as part of their organizations.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-10 (Static) The annual financial statements of large...

1. In 2012 the SEC issued an extensive report regarding the use of IFRS by U.S. public companies and listed which of the following as a major obstacle to adopting IASB standards?

IASB is dependent on funding from the major accounting firms.

Cross-border financing is decreasing in popularity.

IASB standards are generally viewed as low quality.

The IASB is not a governmental agency, and therefore it is not positioned to develop accounting standards.

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-98 (Static) In 2012 the SEC issued an extensive report...

1. Which of the following describes the statement of cash flows?

None of these answer choices describe the statement of cash flows.

An activity statement that shows details and results of a company's profit-related activities for a period of time

A position statement that shows the company’s economic resources (assets) and claims to those resources (liabilities and owners’ equity) at a specific date

An activity statement that shows the company’s cash-related activities during a period of time

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-69 (Static) Which of the following&#8230;

1. Which of the following statements about the integrity of financial information is correct?

The provisions of the Sarbanes-Oxley Act apply to not only to auditors, but to management of the company as well.

Attaining a passing score on the part of the Uniform CPA Examination that covers professional ethics is evidence of integrity and commitment to ethical conduct.

A professional accountant should resign their position rather than become involved in the distribution of financial statements indicating insolvency.

The existence of generally accepted accounting principles (GAAP) eliminates the need for professional judgment except in very unusual circumstances.

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Learning Objective : 01-07 Discuss the importance of personal competence, professional judgment, and
Topic : Integrity of Accounting Information
Topic : Competence, Judgment, and Ethical Behavior
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-104 (Static) Which of the following statements...

1. Which of the following describes the statement of financial position (balance sheet)?

An activity statement that shows the company’s cash-related activities during a period of time

A position statement that shows the company’s economic resources (assets) and claims to those resources (liabilities and owners’ equity) at a specific date

An activity statement that shows details and results of a company's profit-related activities for a period of time

None of these answer choices describe the statement of financial position (balance sheet).

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-67 (Static) Which of the following&#8230;

1. Management accounting refers to the preparation and use of accounting information designed to meet the needs of decision makers outside the business organization.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-14 (Static) Management accounting refers to the...

1. Which of the following has the least impact upon the integrity of financial statements issued by publicly owned corporations?

Audits of the financial statements by the Internal Revenue Service

Federal securities laws

Competence and integrity of the CPAs who perform audits

Professional judgment of the accountants who prepare the financial statements

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-103 (Static) Which of the following has the least...

1. Which of the following describes how financial reporting differs from financial statements?

Investors, creditors, and other external users of financial information can only obtain information about an enterprise by reviewing its formal financial statements.

Financial reporting is a subset of the total information encompassed by financial statements.

All of these answer choices are correct.

Financial reporting is broader than financial statements.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-70 (Static) Which of the following&#8230;

1. **Required:**Briefly explain how generally accepted accounting principles (GAAP) enhance the integrity of financial accounting information.

 **Question Details**AACSB : Communication
AICPA : BB Legal
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-125 (Static) Briefly explain how generally accepted...

1. The SEC requires corporate officers to sign the Form 10-K, which is filed annually with the SEC. Which of the following officers is not among those required to sign?

COO (Chief Operating Officer).

CAO (Chief Accounting Officer).

CEO (Chief Executive Officer).

CFO (Chief Financial Officer).

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-113 (Static) The SEC...

1. Which of the following represents a critical component of the internal decision-making environment that provides management the means to achieve the goals and objectives of the enterprise?

Management accounting information

Financial reporting

Financial accounting information

Financial statements

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-76 (Static) Which of the following&#8230;

1. Public accounting is the segment of the profession where professionals offer audit, tax, and consulting services to clients.
* true
* false

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-28 (Static) Public accounting is the segment...

1. Information provided to decision makers in an organization is comprised only of the accounting information generated by the organization’s information system.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-02 (Static) Information provided...

1. Which of the following describes the income statement?

A position statement that shows the company’s economic resources (assets) and claims to those resources (liabilities and owners’ equity) at a specific date

An activity statement that shows the company’s cash-related activities during a period of time

An activity statement that shows details and results of a company's profit-related activities for a period of time

None of these answer choices describe the income statement.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-68 (Static) Which of the following&#8230;

1. In the phrase "generally accepted accounting principles," the words accounting principles refers to:

The accounting practices authorized by the Financial Accounting Standards Board (FASB).

The steps in the accounting cycle.

Ethical standards that prohibit fraudulent or misleading financial reporting.

The standards, assumptions, and concepts that serve as "ground rules" for financial reporting.

 **Question Details**AACSB : Communication
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-91 (Static) In the phrase...

1. The IRS tax return is one of the primary financial statements.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-07 (Static) The IRS tax return...

1. The FASB’s conceptual framework:

Sets forth the accounting standards referred to as generally accepted accounting principles.

Has been superseded by generally accepted accounting principles.

Is not recognized by the SEC.

Explains and guides the future development of accounting standards.

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-81 (Static) The FASB&#8217;s conceptual...

1. **Required:**List seven groups that would typically use financial information.

 **Question Details**AACSB : Diversity
AICPA : BB Critical Thinking
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-117 (Static) List seven groups...

1. The accounting standards and concepts used in the preparation of financial statements are called:

Federal accounting standards and bylaws (FASB).

Generally accepted accounting principles (GAAP).

Standards enforcing consistency (SEC).

Certified principles of accounting (CPA).

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-92 (Static) The accounting standards and concepts...

1. It is the function of management accounting to perform the following activities, except:

Perform cost accounting.

Complete internal audits.

Audit financial statements.

Create financial forecasts.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-71 (Static) It is the function of management...

1. Which financial statement is prepared as of a specific date?

The income statement

The statement of cash flows

The statement of financial position (balance sheet), income statement, and statement of cash flows are all for a period of time rather than at a specific date.

The statement of financial position (balance sheet)

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-50 (Static) Which financial statement is prepared as...

1. Return on investment is the same as return of investment.
* true
* false

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-06 (Static) Return on investment is the same...

1. **Required:**List the three financial statements that are used to communicate financial accounting information to interested external parties.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-122 (Static) List the three financial statements that are...

1. Internal users of financial accounting information include all of the following except:

Chief Financial Officer.

Managers.

Investors.

Chief Executive Officer.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-73 (Static) Internal users of financial accounting...

1. The basic purpose of an audit is to:

Record changes in the financial position of an organization by applying the concepts of double entry accounting.

Assure outsiders that financial statements are prepared in conformity with generally accepted accounting principles (GAAP).

Meet an organization's need for accounting information as efficiently as possible.

Provide as much useful information to decision makers as possible, regardless of cost.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-83 (Static) The basic purpose of an...

1. The Securities and Exchange Commission is instrumental in the development of financial accounting standards.
* true
* false

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-21 (Static) The Securities and Exchange Commission...

1. Financial statements are prepared:

Primarily for the benefit of persons outside of the business organization.

For corporations, but not for sole proprietorships or partnerships.

Only for publicly owned business organizations.

In either monetary or nonmonetary terms, depending upon the need of the decision maker.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-54 (Static) Financial statements are prepared:

1. The Sarbanes-Oxley Act places responsibility on CEOs and CFOs of companies to certify the fairness of a company's financial statements. The Act also created the Public Company Accounting Oversight Board, which oversees the public accounting profession.
* true
* false

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-25 (Static) The Sarbanes-Oxley Act places responsibility...

1. The Code of Ethics of the AICPA calls for a member in public practice to be independent in fact and appearance when providing auditing services.
* true
* false

 **Question Details**AACSB : Ethics
AICPA : BB Industry
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-07 Discuss the importance of personal competence, professional judgment, and
Topic : Competence, Judgment, and Ethical Behavior
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-27 (Static) The Code of Ethics of the AICPA...

1. Which of the following is not characteristic of financial accounting?

The information is developed primarily by "private accountants" that is, accountants employed by business organizations.

The information is confidential and is intended for use only by company management.

The information is used in a wide variety of business decisions.

Information used in financial statements is prepared in conformity with generally accepted accounting principles.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-34 (Static) Which of the following is...

1. Management accounting information is oriented toward the future while financial accounting information is historical in nature.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-05 (Static) Management accounting information...

1. Generally accepted accounting principles:

Are based on an accountant's experience only.

Are based on tradition only.

May change over time.

Are based on official decrees only.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-78 (Static) Generally accepted accounting...

1. Which organization best serves the professional needs of a CPA?

AAA

FASB

SEC

AICPA

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Industry
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-105 (Static) Which organization best serves the...

1. Investors and creditors are interested in the probability that their original investment or loan will eventually be returned, and that they will receive a reasonable return while their funds are invested or borrowed. These expectations are collectively referred to as:

Cash flow prospects.

The objectives of financial reporting.

Expected profitability.

Financial position.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-60 (Static) Investors and creditors are interested...

1. The basic purpose of audited financial statements is to:

Provide both the reporting company and the users of the statements with a written guarantee that the statements are error-free.

Prepare financial statements for companies that do not have their own accounting departments.

Provide users of the financial statements with assurance that the statements are verifiable and are presented in conformity with generally accepted accounting principles.

Provide the reporting company with assurance that all assets are protected from theft or embezzlement.

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-99 (Static) The basic purpose of audited financial...

1. Managerial accounting information is designed primarily to assist investors and creditors in deciding how to allocate scarce resources.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-01 (Static) Managerial accounting information...

1. A statement of cash flows depicts the way profits have changed during a designated period.
* true
* false

 **Question Details**AACSB : Communication
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-13 (Static) A statement of cash flows depicts the...

1. The American Institute of Certified Public Accountants has a Code of Professional Conduct that expresses the accounting profession's recognition of its responsibilities to all of the following except:

The IRS.

Colleagues.

The public.

The client.

 **Question Details**AACSB : Ethics
AICPA : FN Decision Making
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-07 Discuss the importance of personal competence, professional judgment, and
Topic : Competence, Judgment, and Ethical Behavior
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-107 (Static) The American Institute of Certified Public...

1. Which of the following is not a user of internal accounting information?

Chief executive officer

Store manager

Creditor

Chief financial officer

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-74 (Static) Which of the following is not a user of...

1. Which of the following decision makers is least likely to be among the users of management accounting reports developed by a large organization that operates retail stores that sell to consumers?

The manager of a mutual fund considering investing in the organization’s common stock

The chief executive officer of the organization

Internal auditors within the organization

The manager of a department in one of the stores owned by the organization

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-52 (Static) Which of the following decision makers...

1. Listed below are various key terms introduced or emphasized in this chapter:
	* Accounting system
	* Financial accounting
	* Financial statements
	* Financial position
	* Financial reporting
	* Internal controls
	* Management accounting
	* Results of operations
		+ - 1. Information describing the financial resources, obligations, and activities of an economic entity.
				2. An entity's financial resources and obligations at a point in time.
				3. Accounting information intended specifically to assist company's management.
				4. The personnel, procedures, and technology used by an organization to develop accounting information and to communicate this information to decision makers.
				5. An entity's financial activities over a period of time.
				6. Measures used by an organization to guard against errors, waste, and fraud and to assure the reliability of accounting information.
				7. The clerical side of accounting; that is, the recording of routine transactions and day-to-day record keeping.
				8. A written assertion identifying, measuring, and communicating financial information about an economic entity.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Financial Accounting Information
Topic : Integrity of Accounting Information
Topic : Information Systems
Topic : Management Accounting Information
Topic : Careers in Accounting
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-115 (Static) Listed below are...

1. Which of the following is not recognized as a source of generally accepted accounting principles?

The Securities and Exchange Commission (SEC)

The Financial Accounting Standards Board (FASB)

Widespread and long-term use of a particular practice

Statements of the Committee of Sponsoring Organizations (COSO)

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Integrity of Accounting Information
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-101 (Static) Which of the following is not recognized as...

1. Financial accounting information is:

Designed to assist investors and creditors.

Submitted to the IRS in lieu of a tax form.

Called "special-purpose" accounting information.

Not applicable to individuals.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-30 (Static) Financial accounting information is...

1. **Required:**Provide a brief example to illustrate that externally reported financial accounting information must be based in part on estimates, judgments, and assumptions.

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-123 (Static) Provide a brief example to illustrate that...

1. **Required:**Explain one way in which the characteristics of financial and management accounting information differ.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-120 (Static) Explain one way...

1. The principal difference between management accounting and financial accounting is that financial accounting information is:

Oriented toward measuring solvency rather than profitability.

Prepared by managers.

Prepared in accordance with a set of accounting principles developed by the Institute of Certified Management Accountants.

Intended primarily for use by decision makers outside the business organization.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-49 (Static) The principal difference between...

1. Information is cost-effective when:

The information is based upon historical costs, rather than upon estimated market values.

The information is generated by a computer-based accounting system.

The value of the information exceeds the cost of producing it.

The information aids management in controlling costs.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Resource Management
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-38 (Static) Information is cost-effective when:

1. Generally accepted accounting principles are intended to assist accountants in preparing financial statements that:

Are relevant, verifiable, comparable, and understandable.

Show the business to be both solvent and profitable.

Comply with all income tax rules and regulations.

Are ideally suited to the specific needs of each user of the financial statements.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-89 (Static) Generally accepted accounting principles...

1. The primary function of external auditors is to:

Express an opinion on the fairness of the company's financial statements.

Determine that financial statements and all special reports to management are prepared in conformity with generally accepted accounting principles.

Determine the accuracy of the management reports.

Evaluate the efficiency of operations and the degree of compliance with management's policies in all departments within a large organization.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-109 (Static) The primary function of external auditors...

1. An accounting principle must receive substantial authoritative support to qualify as generally accepted. Among the organizations and agencies that have been influential in the development of generally accepted accounting principles, which of the following has provided the most influential leadership?

Internal Revenue Service

Institute of Management Accountants

NYSE

Financial Accounting Standards Board

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-106 (Static) An accounting principle must receive...

1. Which of the following is not a basic function of an information system?

To classify the effects of similar transactions in a manner that permits determination of various totals and subtotals useful to management

To ensure that a business organization will be managed profitably

To interpret and record the effects of business transactions

To summarize and communicate information to decision makers

 **Question Details**AACSB : Technology
AICPA : FN Reporting
AICPA : BB Leveraging Technology
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-37 (Static) Which of the following is not a basic...

1. Investors are individuals and other enterprises that have provided equity to the reporting enterprise.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
AICPA : BB Resource Management
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-12 (Static) Investors are individuals and other...

1. Which of the following does not describe accounting?

It is useful for decision-making.

It is an end rather than a means to an end.

It is commonly referred to as the language of business.

It is used by businesses, governments, non-profit organizations, and individuals.

 **Question Details**AACSB : Communication
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-01 Discuss accounting as the language of business and the role of accounting
Topic : Accounting Information: A Means to an End
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-31 (Static) Which of the following does not describe...

1. The best definition of an information system is:

The personnel, procedures, technology, and records used by an entity to develop information and communicate this information to decision makers.

Manual or computer-based records used in developing information about an entity for use by managers and also persons outside the organization.

Journals, ledgers, and worksheets.

The concepts, principles, and standards specifying the information which should be included in financial statements, and how that information should be presented.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-02 Discuss the significance of information systems in generating reliable acc
Topic : Information Systems
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-41 (Static) The best definition of an information...

1. Which of the following is considered a return "on" investment?

Dividends

Securing a loan

Repayment of a loan

Purchase of an asset

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-45 (Static) Which of the following is considered...

1. Publicly owned companies are those whose ownership shares are:

Bought and sold through the NYSE.

Bought and sold through stock exchanges or over-the-counter markets.

Owned by other publicly owned companies.

Owned by foreign corporations.

 **Question Details**AACSB : Ethics
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-80 (Static) Publicly owned companies are...

1. Which of the following is a characteristic of financial accounting information?

Its preparation requires judgment.

Notes and explanations from management are not included.

It is more about the future than it is about the past.

None of it is based on estimates, assumptions, and judgments.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-63 (Static) Which of the following is a characteristic...

1. One of the principal functions of CPAs is to:

Audit income tax returns to determine if taxpayers have underpaid their income taxes.

Perform audits to determine the fairness of a company's financial statements.

Advise individual investors on stock market investments.

Conduct audits to determine whether the employees of a business are performing their jobs honestly and efficiently.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-112 (Static) One of the principal functions of CPAs...

1. Characteristics of internal accounting information include all of the following except:

It is audited by a CPA.

It is generally oriented toward the future.

It must be timely.

It measures efficiency and effectiveness.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-75 (Static) Characteristics of internal accounting...

1. The general-purpose financial statements prepared annually by a corporation would not include the:

Statement of financial position (balance sheet).

Income tax return.

Income statement.

Statement of cash flows.

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-62 (Static) The general-purpose financial statements...

1. Which of the following is generally not considered one of the general-purpose financial statements issued by a corporation?

Statement of financial position (balance sheet)

Statement of cash flows

Sales budget

Income statement

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-44 (Static) Which of the following is generally...

1. One purpose of generally accepted accounting principles is to make accounting information prepared by different companies more comparable.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-16 (Static) One purpose of generally accepted...

1. The tailoring of an accounting report to meet the needs of a specific decision maker is more characteristic of financial accounting reports than of management accounting reports.
* true
* false

 **Question Details**AACSB : Analytical Thinking
AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-09 (Static) The tailoring of an accounting report to...

1. Investors may be described as:

Individuals and enterprises that have provided credit to a reporting entity.

Those whose primary economic activity consists of buying and selling stocks and bonds.

Individuals and enterprises that have ownership interest in a reporting entity.

Anyone with an interest in the results of the operations of the reporting entity.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-58 (Static) Investors may be described...

1. The basic purpose of bookkeeping is to:

Provide financial information about an economic entity.

Record the financial transactions of an economic entity.

Determine the taxable income of individuals and business entities.

Develop the types of information best-suited to specific managerial decisions.

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-08 Describe various career opportunities in accounting.
Topic : Careers in Accounting
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-33 (Static) The basic purpose of bookkeeping is...

1. External users of accounting information have a financial interest in an entity but are not involved with the day-to-day operations of the enterprise.
* true
* false

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Decision Making
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-08 (Static) External users of accounting information...

1. The standards that provide the general framework for determining what information is included in financial statements and how this information is to be prepared and presented are referred to as:

Generally accepted accounting principles.

The conceptual framework.

Statements of financial accounting concepts.

American standards for certified public accountants.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Legal
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-86 (Static) The standards that provide the...

1. The Accounting Standards Codification was developed by:

Certified public accountants.

The Internal Revenue Service.

The Securities and Exchange Commission.

The Financial Accounting Standards Board.

 **Question Details**AACSB : Communication
AICPA : BB Industry
AICPA : FN Research
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-95 (Static) The Accounting Standards Codification was...

1. Establishing international accounting standards is the responsibility of:

AICPA.

SEC.

IASB.

AAA.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Global
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-88 (Static) Establishing international accounting...

1. In comparison with a financial statement prepared in conformity with generally accepted accounting principles, a management accounting report is more likely to:

Focus upon the operation results of the most recently completed accounting period.

Be tailored to the specific needs of an individual decision maker.

Be used by decision makers outside of the business organization.

View the entire organization as the reporting entity.

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Learning Objective : 01-04 Explain the importance of accounting information for internal parties&mdas
Topic : Financial Accounting Information
Topic : Management Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-51 (Static) In comparison with a financial statement...

1. Suppose a number of your friends have organized a company to develop and sell a new software product. They have asked you to loan them $5,500 to help get the company started, and they have promised to repay your $5,500 plus 10% interest in one year. Of the following, which amount may be described as the return on your investment?

$6,050

$550

$4,950

$5,500

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Apply
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Algorithmic
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-43 (Algo) Suppose a number of your friends have...

1. The American Institute of Certified Public Accountants has the legal authority over publicly held corporations to enforce compliance with generally accepted accounting principles.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-20 (Static) The American Institute of Certified Public...

1. Which of the following are not considered "external" users of financial statements?

Owners

Managers

Labor unions

Creditors

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-47 (Static) Which of the following are not considered...

1. The basic purpose of generally accepted accounting principles is to:

Provide a framework for financial reporting that is understood by both the preparers and the users of financial statements.

Minimize the possibility of a business becoming insolvent.

Eliminate the need for professional judgment in preparing financial statements.

Ensure that financial statements include the type of information that is best suited to every type of business decision.

 **Question Details**AACSB : Analytical Thinking
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-87 (Static) The basic purpose of generally accepted...

1. The auditor's report on the published financial statements of a large corporation should be viewed as:

A guarantee by a firm of certified public accountants that the statements are accurate.

A guarantee by the Financial Statements Insurance Board that the statements do not overstate assets or net income.

The opinion of the corporation's chief accountant as to the overall fairness of the statements.

The opinion of independent experts as to the overall fairness of the statements.

 **Question Details**AACSB : Ethics
AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-85 (Static) The auditor&#39;s report on the...

1. In the phrase "generally accepted accounting principles," the words generally accepted mean that the principles:

Are acceptable to the Internal Revenue Service.

Have been approved by a majority of the members of the Financial Accounting Standards Board.

Are understood and observed by all the participants in the financial reporting process.

Have been adopted by Congress or approved by the voters in a general election.

 **Question Details**AACSB : Communication
AICPA : BB Critical Thinking
AICPA : FN Measurement
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-102 (Static) In the phrase...

1. Objectives of financial reporting to external investors and creditors include preparing information about all of the following except:

Information about economic resources, claims to those resources, and changes in both resources and claims.

Information that is useful in making investment and credit decisions.

Information used to determine which products to produce.

Information that is useful in assessing the amount, timing, and uncertainty of future cash flows.

 **Question Details**AACSB : Analytical Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-65 (Static) Objectives of financial reporting to...

1. Generally accepted accounting principles were established by the American Accounting Association in 1934 and are updated annually by Congress.
* true
* false

 **Question Details**AACSB : Communication
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Remember
Difficulty : 1 Easy
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Learning Objective : 01-06 Identify and discuss several professional organizations that play importan
Topic : Integrity of Accounting Information
Topic : Professional Organizations
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB TF Qu. 01-23 (Static) Generally accepted accounting principles...

1. **Required:**What are the two things that make up a company’s cash flow prospects?

 **Question Details**AACSB : Reflective Thinking
AICPA : BB Critical Thinking
AICPA : FN Risk Analysis
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-121 (Static) What are the two things...

1. The Financial Accounting Standards Board is:

Primarily concerned with the preparation of the annual federal budget.

Responsible for the review and audit of federal income tax returns.

A government agency with legal authority to approve or disapprove the financial statements of corporations that sell their securities to the public.

A private group that conducts research and determines generally accepted accounting principles.

 **Question Details**AICPA : BB Industry
AICPA : FN Reporting
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : automatic
Learning Objective : 01-05 Discuss elements of the system of external and internal financial reportin
Topic : Integrity of Accounting Information
Type : Static
Source : Chapter 01 Test Bank - Algorithmic and Static > TB MC Qu. 01-94 (Static) The Financial Accounting Standards Board...

1. **Required:**Briefly describe the statement of financial position (balance sheet), the income statement, and the statement of cash flows.

 **Question Details**AACSB : Reflective Thinking
AICPA : FN Reporting
AICPA : BB Critical Thinking
Accessibility : Keyboard Navigation
Accessibility : Screen Reader Compatible
Bloom's : Understand
Difficulty : 2 Medium
Gradable : manual
Learning Objective : 01-03 Explain the importance of financial accounting information for external pa
Topic : Financial Accounting Information
Type : Static
Source : Chapter 01 Test Bank (Problem Material) > TB ES Qu. 01-118 (Static) Briefly describe the...

**Answer Key**Test name: Chapter 1: Accounting: Information for Decision Making

TRUE

A

D

C

B

D

A

A

FALSE

C

B

A

D

Return on investment is payment for usage of the money—interest in this setting.
Return on investment = 10% × $9,500 = $950

FALSE

Essay

**(A)** Generally accepted accounting principles provide the framework for determining what information is to be included in the financial statements and how that information is to be presented.
**(B)** Financial Accounting Standards Board; Securities and Exchange Commission; American Institute of CPAs; American Accounting Association.

D

B

A

FALSE

D

D

TRUE

C

TRUE

B

A

TRUE

FALSE

Essay

* + - * 1. Financial Accounting Standards Board
				2. American Institute of CPAs
				3. Securities and Exchange Commission
				4. None (The statement describes the General Accountability Office.)
				5. American Accounting Association
				6. Institute of Management Accountants
				7. International Accounting Standards Board

D

C

Essay

* + - * 1. Return of investment
				2. Audit
				3. Generally accepted accounting principles
				4. Internal control structure
				5. Statement of financial position (balance sheet)
				6. Return on investment
				7. Statement of cash flows

D

A

FALSE

D

D

A

FALSE

A

B

FALSE

Essay

(I.) Responsibilities - members should exercise sensitive professional and moral judgments in all their activities.
(II.) The Public Interest - members should act in a way that will serve the public interest.
(III.) Integrity - members should perform all professional responsibilities with the highest sense of integrity.
(IV.) Objectivity and Independence - members should maintain objectivity and be free of conflicts of interest.
(V.) Due Care - members should observe the profession's technical and ethical standards.
(VI.) Scope and Nature of Services - members should observe the Principles of the Code of Professional Conduct in determining the scope and nature of services to be provided.

D

Essay

(1.) Provide general information useful in making investment and credit decisions.
(2.) Provide information useful in assessing the amount, timing, and uncertainty of future cash flows.
(3.) Provide specific information about economic resources, claims to economic resources, and changes in resources and claims.

A

FALSE

A

D

A

B

FALSE

A

D

Essay

Integrity refers to the qualities of completeness, honestly, and sincerity. GAAP provides the general framework for determining what information is included in financial statements and how this information is to be prepared and presented. This ensures that financial statements are prepared in accordance with standards that are understood by both preparers and users of the information.

A

A

TRUE

FALSE

C

D

FALSE

D

Essay

Investors
Creditors
Managers
Owners
Customers
Employees
Regulators

B

C

D

FALSE

Essay

Statement of financial position (or balance sheet)
Income statement
Statement of cash flows

C

B

TRUE

A

TRUE

TRUE

B

TRUE

C

D

A

C

FALSE

FALSE

A

C

A

Essay

* + - * 1. Financial accounting
				2. Financial position
				3. Management accounting
				4. Accounting system
				5. Results of operations
				6. Internal controls
				7. None (This statement describes bookkeeping.)
				8. Financial statements

D

A

Essay

To account for the use of long-lived equipment, estimates must be made of the lifetime and scrap value of that equipment.

Essay

Financial accounting information is primarily historical in nature, while management accounting information is future-oriented.
Financial accounting information is general-purpose information designed to serve the needs of a variety of external parties. Management accounting information is customized to the needs of a particular internal decision-maker.
The timeliness of management accounting information is critical. For financial accounting, information, completeness, and verifiability are more important than timeliness.
Financial accounting information is prepared in accordance with generally accepted accounting principles while the nature and content of management accounting information is dictated by the nature of the decision it is intended to support.

D

C

A

A

D

B

TRUE

B

A

A

B

A

B

A

B

C

TRUE

FALSE

C

B

TRUE

A

D

C

B

B

Return on investment is payment for usage of the money—interest in this setting.
Return on investment = 10% × $5,500 = $550.

FALSE

B

A

D

C

C

FALSE

Essay

Cash flow prospects are the likelihood that an enterprise will be able to provide an investor with (1) a return on the investor’s investment and (2) the return of that investment.

D

Essay

Statement of financial position (balance sheet) - A position statement that shows the company’s economic resources (assets) and claims to those resources (liabilities and owners’ equity) at a specific date.
Income statement - An activity statement that shows details and results of a company's profit-related activities for a period of time.
Statement of cash flows - An activity statement that shows the details of the company's cash-related activities during a period of time.