### Accounting Fundamentals

#### Chapter 2: A Further Look at Financial Statements

1. In this question you will fill in the blanks with one of the following words:

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>Non-Current Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td>Property, Plant and Equipment Assets</td>
</tr>
<tr>
<td>Depreciation</td>
<td>Retained Earnings</td>
</tr>
<tr>
<td>Intangible</td>
<td>Share Capital</td>
</tr>
<tr>
<td>Long-Term Investments</td>
<td>Shareholders’ Equity</td>
</tr>
<tr>
<td>Non-Current Assets</td>
<td></td>
</tr>
</tbody>
</table>

**Current Assets** is an allocation (as an expense) of the cost of property, plant and equipment over their estimated useful life.

**Current Liabilities** is made up of share capital and retained earnings.

**Property, Plant and Equipment Assets** have long useful lives. Such as: Land, Buildings, Furniture, Equipment and computers.

**Retained Earnings** is the cumulative net income kept for use in the company.

**Non-Current Assets** not expected to be converted to cash, sold or used in the business within one year of the financial statement date or one operating cycle.

**Non-Current Liabilities** are to be paid or settled within the (longer of the) one year of the financial date or one operating cycle.

**Non-Current Liabilities** are normally not intended to be sold (and converted to cash within one year).

**Share Capital** is an investment of cash (or other assets) in the company by shareholders in exchange for preferred or common shares.

**Property, Plant and Equipment Assets** expected to be converted to cash, sold or used in the business within one year of the financial statement date or one operating cycle, whichever is longer.

**Intangible** do not have physical substance but have significant value. Such as: Patents, copyrights, trademarks, and licenses.

**Non-Current Liabilities** are to be paid or settled after one year.
2. The following is a list of accounts in alphabetical order. Identify where each account belongs on the Statement of Financial Position (or Balance Sheet). If the account does not belong on the Statement of Financial Position, please mark as Not Applicable (N/A).

<table>
<thead>
<tr>
<th>Current Assets (CA)</th>
<th>Long-Term Investments (LTI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities (CL)</td>
<td>Non-Current Liabilities (NCL)</td>
</tr>
<tr>
<td>Goodwill (G)</td>
<td>Property, Plant and Equipment Assets (PPE)</td>
</tr>
<tr>
<td>Intangible (IA)</td>
<td>Shareholders’ Equity (SE)</td>
</tr>
</tbody>
</table>

___ Accounts Payable
___ Accounts Receivable
___ Accumulated Depreciation-Building
___ Bank Loan Payable (Due in 6 Months)
___ Bond Payable (Due in 10 years)
___ Building
___ Cash
___ Common Shares
___ Copyrights
___ Deferred Revenue
___ Depreciation Expense
___ Goodwill
___ Mortgage Payable (Due in 25 Years)
___ Prepaid Insurance
___ Retained Earnings
___ Revenue
___ Salaries Expense
___ Salaries Payable

3. In this question you will fill in the blanks with one of the following words:

<table>
<thead>
<tr>
<th>Comparability</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Confirmatory Value</td>
<td>Predictive Value</td>
</tr>
<tr>
<td>Cost Constraint</td>
<td>Relevance</td>
</tr>
<tr>
<td>Faithful Representation</td>
<td>Verifiability</td>
</tr>
</tbody>
</table>

Accounting information has ______ if it makes a difference in users’ decisions. (Relevance)

Financial information has _________ if it helps users make predictions about future events.

Financial information has _________ if it helps users confirm or correct their previous predictions or expectations.

Information is considered _________ if its omission or misstatement could influence the decisions of users.

Information that is _________ should reflect economic reality and it must be complete, neutral and free from error.

_______ happens when users can identify and understand similarities and differences among items.

_______ happens when independent consensus that information is faithfully represented.

_______ ensures that the value of the information provided by financial reporting is greater than the cost of providing it.