# Noteworthy Exercise

Attached are Espresso’s 2018 financial statements, including the supplementary notes. Based on the note disclosures, answer the following questions.

1. How is the allowance for doubtful accounts determined?

|  |
| --- |
|  |

2. What is unearned revenue made up of?

|  |
| --- |
|  |

3. How are inventories valued?

|  |
| --- |
|  |

4. What components are included in inventory?

|  |
| --- |
|  |

5. What items are included in short-term and long-term debt?

|  |
| --- |
|  |

6. What is property, plant and equipment made up of?

|  |
| --- |
|  |

7. How is the carrying value of goodwill determined?

|  |
| --- |
|  |

8. What are the components of deferred income tax assets?

|  |
| --- |
|  |

9. In general, what items make up contingencies?

|  |
| --- |
|  |

10. Regarding the common stock, what was the opening balance of issued shares, what transactions occurred and what was the closing balance for the year?

|  |
| --- |
|  |

© 2019 CFI Education Inc.

All rights reserved. The contents of this publication, including but not limited to all written material, content layout, images, formulas, and code, are protected under international copyright and trademark laws. No part of this publication may be modified, manipulated, reproduced, distributed, or transmitted in any form by any means, including photocopying, recording, or other electronic or mechanical methods, without prior written permission of the publisher, except in the case of certain noncommercial uses permitted by copyright law.