

**CBE Competency 1**  
**Module 3**  
**FS.C01.LM01-3**  
**Summative Assessment**  
**(Games)**

**Please select the answer that best describes the questions presented:**

1. Which of the following is a financial statement of a point-in-time showing a summary of a company's or individual's assets, liabilities, and equity?

- a. income statement
- b. reconciliation of net worth
- c. balance sheet
- d. direct cash-flow statement

**Answer: C Balance Sheet**

2. Which of the following is the balance sheet equation?

- a.  $\text{assets} = \text{liabilities} - \text{net worth}$
- b.  $\text{liabilities} - \text{assets} + \text{net worth}$
- c.  $\text{assets} = \text{net sales} + \text{equity}$
- d.  $\text{assets} = \text{liabilities} + \text{equity}$

**Answer: D: Assets= Liabilities + Equity**

3. Which of the following may include both property and claims against others ?

- a. liabilities
- b. assets
- c. equities
- d. gross margins

**Answer: B: Assets**

4. What method of valuing inventory matches current costs with current selling prices and is considered to be a more accurate gauge of profits during inflationary periods?

- a. LIFO
- b. FIFO
- c. retail
- d. weighted average

**Answer: A: LIFO**

5. The size of \_\_\_\_\_ is a function of sales growth and the credit terms offered by the business.

- a. inventory
- b. fixed assets

- c. notes receivable
- d. accounts receivable

**Answer: D: Accounts Receivable**

6. Which expense is paid but not recognized on the income statement and listed as a current asset?

- a. accrued expense
- b. prepaid expense
- c. short term expense
- d. subordinated expense

**Answer: A: Accrued Expense**

7. A/An \_\_\_\_\_ is a current asset and a (n) \_\_\_\_\_ is a noncurrent asset.

- a. accounts receivable .....note receivable
- b. money market account.....certificate of deposit
- c. retirement account.....pension
- d. all of the above

**Answer: A: Accounts receivable.....Notes Receivable**

8. A/An \_\_\_\_\_ is a current liability and a(n) \_\_\_\_\_ is a non-current liability.

- a. accounts payable.....subordinated debt
- b. home equity lines ....mortgages
- c. overdrafts.....due to affiliates
- d. a and b only

**Answer: a and b only**

9. These statement items may be tangible such as buildings or intangible such as goodwill.

- a. assets
- b. liabilities
- c. equities
- d. margins

**Answer: A: Assets**

10. On the balance sheet, in what account are amounts for loans to finance fixed assets?

- a. current assets
- b. current liabilities
- c. equity
- d. long-term debt

**Answer: D: Long term debt**