**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. assets = liabilities – net worth

b. liabilities – assets+ net worth

c. assets = net sales + equity

d. assets = liabilities + 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**