

ACCT 101
Review for Exam #4
Long Term Liabilities, Corporate Reporting (Equity) and Analysis,
Statement of Cash Flows

Test Review

As we have discussed, this is a tough test, as the topics are more difficult than previous exams. YOU MUST STUDY, and you should be caught up on all work. DOING MORE than required is pivotal to your understanding of this material.

Here is a summary of what we have been learning:

Chapter 10 – Long Term Liabilities

- Bonds – What they are, how they work, how they are quoted and priced, why bonds rarely sell at face value. There are LOTS of terms in this chapter
- JE's for issuing bonds, for paying interest, and for amortizing discounts and premiums. Also JE for accruing interest between bond payment dates.
- Long Term Notes payable, including installment notes
- Presentation of items on financial statements
- Ratios

Chapter 11 – Corporate Reporting and Analysis (Equity transactions)

- Familiarity with the corporate form of business – Advantages and Disadvantages, how to form a corporation, various types of stocks, and dividend requirements. There are LOTS of terms in this chapter.
- Cash Dividends – computing and allocating between different types of stock
- Stock Dividends - basic
- Stock Splits - basic
- JE's for common stock transactions
- Treasury Stock – what it is, how to record, treatment on financial statements.
- Presentation of items on financial statements
- Ratios – e.p.s., p/e, dividend yield

Chapter 12 – Statement of Cash Flows

- Why its necessary and what it shows
- Three Parts and ability to classify transactions
- How to Compute
- Indirect Method and what it shows
- Focus on Operating Section
- “Danger” items

Structure of Exam:

30 multiple choice questions

Six problems – Choose 4 and prepare complete solutions **SHOWING ALL WORK**

- JE's to issue bonds, record interest and amortization, Computation of bond interest expense
- Computation and JE's for installment note, along with amortization table.
- Allocate dividends between common stock and preferred stock
- JE's for common stock transactions including treasury stock and computation of before and after calculations
- Classifying transactions as Operating, Investing, or financing, and whether amounts would be added or subtracted on a Statement of Cash Flows
- Preparation of an **Operating section** of a Statement of Cash Flows