

Silberman College of Business Administration
Proficiency Test Study Guide

Proficiency Test: Accounting 5012

Test Style: 50 Multiple Choice Questions

Point System: Each question is worth 2 points

Course: ACCT 5012 Fundamentals of Financial Accounting

Book: Closed

Suggested Texts: Fundamentals of Financial Accounting, by Phillips, Libby & Libby, latest edition. McGraw-Hill.

1. Overview of Financial Accounting
 - a. What is financial accounting
 - i. Chapter 1 Section Understand the Business
 - ii. Chapter 1 Section Study the Accounting Methods
 - iii. Chapter 1 Section Evaluate the Results
 - b. Who are users of financial accounting information
 - i. Chapter 1 Section Evaluate the Results
 - c. Principles of financial accounting under US GAAP
 - i. Chapter 1 Section Evaluate the Results
 - d. Double entry system
 - i. Chapter 2 Section The Debit/Credit Framework
 - e. Debit and credit framework
 - i. Chapter 2 Section The Debit/Credit Framework
 - f. Journal entries
 - i. Chapter 2 Section The Debit/Credit Framework
 - g. Form and content of balance sheet, income statement, and cash flow overview
 - i. Chapter 1 Section Financial Statements
2. Balance sheet
 - a. Information flow in building the balance sheet

- i. Chapter 1 Section Relationships among the Financial Statements
 - b. Definitions of assets and liabilities
 - i. Chapter 2 Section Building and Balance Sheet
 - c. Elements of shareholders' equity, including common stock, additional paid in capital, and treasury stock
 - i. Chapter 11 Section Common Stock Transactions
- 3. Income statement
 - a. Information flow in building the income statement
 - i. Chapter 1 Section Relationships among the Financial Statements
 - b. Revenues and expenses
 - i. Chapter 3 Section Income Statement Accounts
 - c. Timing adjustments under accrual accounting
 - i. Chapter 3 Section Expense Recognition Principle
 - ii. Chapter 3 Section Review of Revenues and Expenses
 - iii. Chapter 4 Section Making Required Adjustments
- 4. Cash flow
 - a. Information flow in building the cash flow statement
 - i. Chapter 1 Section Relationships among the Financial Statements
 - ii. Chapter 12 Section Classifying Cash Flows
 - b. Adjustment to reconcile net income to operating cash flows under the indirect method
 - i. Chapter 12 Section Determining Operating Cash Flows Using the Indirect Method
 - c. The investing section
 - i. Chapter 12 Section Under Armour's Investing Cash Flow Calculations

- d. The financing section
 - i. Chapter 12 Section Under Armour's Financing Cash Flow Calculations
 - e. Company life cycles as depicted by cash flows
 - i. Chapter 12 Section Evaluating Cash Flows
 - ii. Chapter 12 Section Chapter 12 Section Overall Patterns of Cash Flows
5. Financial statement literacy and analysis
- a. What can be learned from each of the financial statements
 - i. Chapter 13 Section Horizontal, Vertical, and Ratio Analyses
 - b. Ratio analysis
 - i. Chapter 13 Section Interpreting Ratio Analyses
 - ii. Chapter 13 Section Ratio Computations