Question #1 of 22

Question ID: 1573341

Which of the following statements about financial statement analysis and reporting is *least* accurate?

A) Deciding whether to recommend a company's securities to investors is a role of financial statement analysis.

B) Providing information about changes in a company's financial position is a role of financial reporting.

C) Financial statement analysis focuses on the way companies show their financial performance to investors by preparing and presenting financial statements.

Question #2 of 22

Question ID: 1573348

According to IFRS guidance for management's commentary, addressing the company's key relationships is:

A) recommended.

B) neither recommended nor required.

C) required.

Question #3 of 22

Question ID: 1573347

Which of the following statements regarding footnotes to the financial statements is *least* accurate? Financial statement footnotes:

A) may contain information regarding contingent losses.

B) provide information about assumptions and estimates used by management.

C) typically include a discussion of the firm's past performance and future outlook.

Question #4 of 22

Question ID: 1573349

For publicly traded firms in the United States, the Management Discussion and Analysis (MD&A) portion of the financial disclosure is *least likely* required to discuss:

A) capital resources and liquidity.

B) results of operations.

C) unusual or infrequent items.

Question #5 of 22

Question ID: 1573342

Which of the following *best* describes financial reporting and financial statement analysis?

A) Financial reporting refers to how companies show their financial performance and financial analysis refers to using the information to make economic decisions.

B) Financial reports assess a company's past performance in order to draw conclusions about the company's ability to generate cash and profits in the future.

C) The objective of financial analysis is to provide information about the financial position of an entity that is useful to a wide range of users.

Question #6 of 22

Question ID: 1573352

Which of the following is an independent auditor *least likely* to do with respect to a company's financial statements?

A) Confirm assets and liabilities contained in them.

B) Prepare and accept responsibility for them.

C) Provide an opinion concerning their fairness and reliability.

Question #7 of 22

Question ID: 1573344

According to the IASB, which of the following *least* accurately describes financial reporting? Financial reporting:

A) is useful to a wide range of users.

B) uses the information in a company's financial statements to make economic decisions.

C) provides information about changes in financial position of an entity.

Question #8 of 22

Question ID: 1573345

The role of financial statement analysis is *most accurately* described as:

A) the reports and presentations a company uses to show its financial performance to investors, creditors, and other interested parties.

B) a common requirement for companies that are listed on public exchanges.

C) the use of information from a company's financial statements along with other information to make economic decisions regarding that company.

Question #9 of 22

Question ID: 1573337

Which of the following is the *best* description of the financial statement analysis framework?

A) Gather data, analyze and interpret the data, process the conclusions, assess the context, report the recommendations, update the analysis.

B) State the objective and context, gather data, process the data, analyze and interpret the data, report the conclusions or recommendations, update the analysis.

C) Gather data, analyze and interpret the data, determine the context, report the conclusions, update the analysis.

Question #10 of 22

Question ID: 1573351

Which of the following would NOT require an explanatory paragraph added to the auditors' report?

A) Doubt regarding the "going concern" assumption.

B) Statements that the financial information was prepared according to GAAP.

C) Uncertainty due to litigation.

Question #11 of 22

Question ID: 1573357

In addition to the audited financial statements included in a firm's annual report, which of the following sources of information is *most likely* to contain audited data?

A) Footnotes to the annual financial statements.

B) Management's commentary.

C) Interim financial statements filed with the SEC.

Question #12 of 22

Question ID: 1573358

A firm engages in a new type of financial transaction that has a material effect on its earnings. An analyst should *most likely* be suspicious of the new transaction if:

A) management has not explained its business purpose.

B) no accounting standard exists that applies to the transaction.

C) the transaction is not governed by existing regulations.

Question #13 of 22

Question ID: 1573338

The step in the financial statement analysis framework that includes making any appropriate adjustments to the financial statements and calculating ratios is *best* described as:

A) analyzing and interpreting the data.

B) gathering the data.

C) processing the data.

Question #14 of 22

Question ID: 1573354

Which of the following statements about proxy statements is *least* accurate? Proxy statements are:

A) a good source of information about the qualifications of board members and management.

B) not filed with the SEC.

C) available on the EDGAR web site.

Question #15 of 22

Question ID: 1573353

A firm's internal controls are *most accurately* described as:

A) a responsibility of the firm's board of directors.

B) directly affecting the firm's financial reporting quality.

C) outside the scope of an audit report under IFRS and U.S. GAAP.

Question #16 of 22

Question ID: 1573356

Which of the following is *least likely* to be available on EDGAR (Electronic Data Gathering, Analysis, and Retrieval System)?

A) Corporate press releases.

B) Form 10Q.

C) SEC filings.

Question #17 of 22

Question ID: 1573343

Which of the following is *least likely* to be considered a role of financial statement analysis?

A) Assessing the management skill of the company's executives.

B) Determining whether to invest in the company's securities.

C) To make economic decisions.

Question #18 of 22

Question ID: 1573350

The standard auditor's report is *most likely* required to:

A) provide an "unqualified" opinion if material uncertainties exist.

B) provide reasonable assurance that management is reliable.

C) provide reasonable assurance that the financial statements contain no material errors.

Question #19 of 22

Question ID: 1573339

The step in the financial statement analysis framework of "processing the data" is *least likely* to include which activity?

A) Acquiring the company's financial statements.

B) Making appropriate adjustments to the financial statements.

C) Preparing exhibits such as graphs.

Question #20 of 22

Question ID: 1573355

Which of the following is an analyst *least likely* to rely on as objective information to include in a company analysis?

A) Corporate press releases.

B) Government agency statistical data on the economy and the company's industry.

C) Proxy statements.

Question #21 of 22

Question ID: 1573346

Which of the following statements concerning the notes to the audited financial statements of a company is *least* accurate? Financial statement notes:

A) are audited.

B) include management's assessment of the company's operating performance and financial results.

C) contain information about contingent losses that may occur.

Question #22 of 22

Question ID: 1573340

In the financial statement analysis framework, using the data to address the objectives of the analysis and deciding what conclusions or recommendations the information supports is *best* described as:

A) analyzing and interpreting the data.

B) processing the data.

C) reporting the conclusions.