Chapter 01

Accounting-Present and Past

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. | Which of the following entities would ***not*** require accounting information pertaining to their economic activities?

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| --- | --- |
| A.  | Social clubs. |

|  |  |
| --- | --- |
| B.  | Not-for-profit entities. |

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| --- | --- |
| C.  | State governments. |

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| D.  | All of the above require accounting information. |

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| --- | --- |
| E.  | None of the above requires accounting information. |

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| 2. | The authoritative financial accounting standards-setting body in the United States is presently the:

|  |  |
| --- | --- |
| A.  | Securities and Exchange Commission (SEC) |

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| --- | --- |
| B.  | International Accounting Standards Board (IASB) |

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| --- | --- |
| C.  | Public Company Accounting Oversights Board (PCAOB) |

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| D.  | Financial Accounting Standards Board (FASB) |

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| E.  | Accounting Principles Board (APB) |

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| 3. | Which of the following statements about the Financial Accounting Standards Board is correct?

|  |  |
| --- | --- |
| A.  | The FASB is an agency of the Federal government. |

|  |  |
| --- | --- |
| B.  | The FASB has the authority to fine a noncompliant firm. |

|  |  |
| --- | --- |
| C.  | The FASB follows a due process procedure that permits input from interested parties before a standard is issued. |

|  |  |
| --- | --- |
| D.  | The FASB is controlled by the American Institute of CPA's. |

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| E.  | None of the above statements is correct. |

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| 4. | Major classifications of accounting activity would ***not*** include:

|  |  |
| --- | --- |
| A.  | financial accounting, internal auditing, public accounting. |

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| --- | --- |
| B.  | internal auditing, governmental accounting, managerial accounting. |

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| --- | --- |
| C.  | financial accounting, national accounting, cost accounting. |

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| D.  | auditing, income tax accounting, governmental accounting. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 5. | Which of the following is ***not*** an example of a decision or informed judgment that a potential investor would make from accounting information?

|  |  |
| --- | --- |
| A.  | Future profitability based on past profitability. |

|  |  |
| --- | --- |
| B.  | Probability of success of a new product development. |

|  |  |
| --- | --- |
| C.  | A forecast of dividends. |

|  |  |
| --- | --- |
| D.  | Assessment of risk that a company may have more debt than it can repay if the economy enters a recession. |

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| 6. | Which of the following is ***not*** an example of a decision or informed judgment that a potential employee could make from accounting information?

|  |  |
| --- | --- |
| A.  | Personnel turnover statistics (i.e., hiring and terminations). |

|  |  |
| --- | --- |
| B.  | Probability of the company's ability to make profit sharing plan contributions in the future. |

|  |  |
| --- | --- |
| C.  | Assessment of the risk that the company may become bankrupt in the near future. |

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| --- | --- |
| D.  | The extent of the company's commitment to a research program. |

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| 7. | Which of the following are qualified to express an auditor's opinion about an entity's financial statements?

|  |  |
| --- | --- |
| A.  | A Comptroller. |

|  |  |
| --- | --- |
| B.  | A Certified Management Accountant. |

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| --- | --- |
| C.  | A Certified Internal Auditor. |

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| --- | --- |
| D.  | A Certified Public Accountant. |

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| --- | --- |
| E.  | None of the above. |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8. | Which classification of accounting is most concerned with the use of economic and financial information to plan and control many of the activities of the entity?

|  |  |
| --- | --- |
| A.  | Financial accounting. |

|  |  |
| --- | --- |
| B.  | Auditing-Public accounting. |

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| --- | --- |
| C.  | Managerial accounting. |

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| D.  | Income tax accounting. |

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| 9. | An unqualified auditors' opinion about an entity's financial statements:

|  |  |
| --- | --- |
| A.  | is a clean bill of health. |

|  |  |
| --- | --- |
| B.  | means that all of the entity's transactions during the audited period were checked out. |

|  |  |
| --- | --- |
| C.  | guarantees that the entity was not involved in or the victim of any fraudulent activities during the audited period. |

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| --- | --- |
| D.  | states that they are presented in conformance with U.S. generally accepted accounting principles. |

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| 10. | Cost accounting is a subset of which of the following?

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| A.  | Internal auditing. |

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| --- | --- |
| B.  | Public auditing. |

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| --- | --- |
| C.  | Cost analysis. |

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| D.  | Managerial accounting. |

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| 11. | The officer of a corporation responsible for the firm's published financial statements would be most concerned about pronouncements of the:

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| --- | --- |
| A.  | FASB. |

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| --- | --- |
| B.  | AICPA. |

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| --- | --- |
| C.  | GASB. |

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| --- | --- |
| D.  | SEC. |

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| E.  | IRS. |

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| 12. | Which of the following is ***not*** a characteristic or limitation of the kind of information that financial reporting by business enterprises can provide?

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| --- | --- |
| A.  | The information results in approximate, rather than exact, measures. |

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| B.  | The information largely reflects the financial effects of transactions that have already happened. |

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| C.  | The information is provided and used at a cost. |

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| D.  | All of the above are characteristics or limitations of the kind of information that financial reporting by business enterprises can provide. |

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| 13. | The ethical concept of independence means that an accountant employed:

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| A.  | by a corporation cannot prepare financial statements for use by the company's bank. |

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| --- | --- |
| B.  | by one company cannot work part-time for another company. |

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| C.  | by an auditing firm cannot own any stock in the company being audited. |

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| D.  | by one company cannot accept a job with another company in the same industry. |

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| 14. | The objectives of financial reporting for nonbusiness enterprises:

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| A.  | are exactly the same as those for business enterprises. |

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| B.  | focus on providing information for resource providers, rather than investors. |

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| C.  | have more of an internal utilization rather than external reporting focus. |

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| D.  | do not give consideration to the cost of providing information. |

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| 15. | The ethical concept of integrity means that an individual must:

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| A.  | sign a pledge to abide by all laws and regulations. |

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| B.  | report to a supervisor any violation of the code of conduct of her company that is observed. |

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| C.  | read, understand, and agree to follow all provisions of her employer's code of conduct. |

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| D.  | attempt to be honest and forthright in dealings and communications with others. |

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| 16. | Which of the following is an objective of financial reporting by business enterprises?

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| A.  | Financial reporting should provide assurance that all liabilities of business enterprises will be paid. |

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| B.  | Financial reporting should show the timing and amount of future cash dividends to potential investors. |

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| C.  | The primary focus of financial reporting is information about the assets of the entity. |

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| D.  | Financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and changes in those resources and claims to them. |

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| 17. | Which of the following is true about the International Accounting Standards Board (IASB)?

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| A.  | The IASB has been working with the FASB in recent years to achieve convergence of International Financial Reporting Standards (IFRS) and U.S. GAAP. |

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| B.  | The goal of the IASB is to develop a single set of high quality, understandable, enforceable, and globally accepted financial reporting standards based upon clearly articulated principles. |

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| C.  | The SEC has delegated full authority to the IASB to be the accounting standards setting body in the United States. |

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| D.  | All of the above are correct. |

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| E.  | Only A and B are correct. |

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| 18. | The provisions of the Sarbanes-Oxley Act of 2002 had the following components:

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| A.  | Enforce auditing. |

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| --- | --- |
| B.  | Attestation. |

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| --- | --- |
| C.  | Quality control. |

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| D.  | None of the above are provisions. |

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| E.  | A, B and C are correct. |

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| 19. | Accounting can be defined as:

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| A.  | the process of preparing and auditing an entity's financial statements. |

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| B.  | the process of identifying, measuring, and communicating economic information about an organization for the purpose of making decisions and informed judgments. |

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| --- | --- |
| C.  | the process of communicating the financial results of corporate activities to investors and regulatory bodies. |

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| D.  | None of the above definitions are correct. |

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| E.  | A, B and C are correct. |

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| 20. | Over the years, the Securities and Exchange Commission (SEC) has delegated its statutory authority to establish accounting principles for publicly traded companies in the United States to each of the following organizations ***except*** the:

|  |  |
| --- | --- |
| A.  | Committee on Accounting Procedures of the American Institute of Accountants. |

|  |  |
| --- | --- |
| B.  | Accounting Principles Board (APB). |

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| --- | --- |
| C.  | Financial Accounting Standards Board (FASB). |

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| --- | --- |
| D.  | None of the above organizations were ever delegated authority by the SEC to establish accounting principles in the U.S. |

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| E.  | Each of the organizations listed in A, B, and C were at one time or another delegated authority by the SEC to establish accounting principles in the U.S. |

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| 21. | Which of the following was ***not*** one of the reasons for the FASB's decision to undertake the Conceptual Framework project?

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| --- | --- |
| A.  | To provide a structure or framework of financial accounting concepts. |

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| B.  | To describe concepts that will underlie guidance on future accounting practices and in due course serve as a basis for evaluating existing guidance and practices. |

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| C.  | To provide detailed, industry-specific authoritative guidance for the accounting and financial reporting of complex business transactions. |

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| D.  | To facilitate the FASB's efforts in developing accounting and reporting guidance by providing a common foundation and basic reasoning on which to consider merits of alternatives. |

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Chapter 01 Accounting-Present and Past Answer Key

**Multiple Choice Questions**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1. | Which of the following entities would ***not*** require accounting information pertaining to their economic activities?

|  |  |
| --- | --- |
| A.  | Social clubs. |

|  |  |
| --- | --- |
| B.  | Not-for-profit entities. |

|  |  |
| --- | --- |
| C.  | State governments. |

|  |  |
| --- | --- |
| **D.**  | All of the above require accounting information. |

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| --- | --- |
| E.  | None of the above requires accounting information. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-02 Identify who the users of accounting information are and explain why they find accounting information useful.Topic: What is Accounting?* |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 2. | The authoritative financial accounting standards-setting body in the United States is presently the:

|  |  |
| --- | --- |
| A.  | Securities and Exchange Commission (SEC) |

|  |  |
| --- | --- |
| B.  | International Accounting Standards Board (IASB) |

|  |  |
| --- | --- |
| C.  | Public Company Accounting Oversights Board (PCAOB) |

|  |  |
| --- | --- |
| **D.**  | Financial Accounting Standards Board (FASB) |

|  |  |
| --- | --- |
| E.  | Accounting Principles Board (APB) |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-05 Explain the role that the Financial Accounting Standards Board (FASB) plays in the development of financial accounting standards.Topic: How has Accounting Developed?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 3. | Which of the following statements about the Financial Accounting Standards Board is correct?

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| --- | --- |
| A.  | The FASB is an agency of the Federal government. |

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| B.  | The FASB has the authority to fine a noncompliant firm. |

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| --- | --- |
| **C.**  | The FASB follows a due process procedure that permits input from interested parties before a standard is issued. |

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| --- | --- |
| D.  | The FASB is controlled by the American Institute of CPA's. |

|  |  |
| --- | --- |
| E.  | None of the above statements is correct. |

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| *AACSB: Analytical ThinkingAICPA: BB Critical ThinkingAICPA: FN Decision MakingAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Explain the role that the Financial Accounting Standards Board (FASB) plays in the development of financial accounting standards.Topic: How has Accounting Developed?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 4. | Major classifications of accounting activity would ***not*** include:

|  |  |
| --- | --- |
| A.  | financial accounting, internal auditing, public accounting. |

|  |  |
| --- | --- |
| B.  | internal auditing, governmental accounting, managerial accounting. |

|  |  |
| --- | --- |
| **C.**  | financial accounting, national accounting, cost accounting. |

|  |  |
| --- | --- |
| D.  | auditing, income tax accounting, governmental accounting. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN Decision MakingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Identify the variety of professional services that accountants provide.Topic: What is Accounting?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 5. | Which of the following is ***not*** an example of a decision or informed judgment that a potential investor would make from accounting information?

|  |  |
| --- | --- |
| A.  | Future profitability based on past profitability. |

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| --- | --- |
| **B.**  | Probability of success of a new product development. |

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| C.  | A forecast of dividends. |

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| D.  | Assessment of risk that a company may have more debt than it can repay if the economy enters a recession. |

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| *AACSB: Reflective ThinkingAICPA: BB Critical ThinkingAICPA: FN Decision MakingAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-02 Identify who the users of accounting information are and explain why they find accounting information useful.Topic: What is Accounting?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 6. | Which of the following is ***not*** an example of a decision or informed judgment that a potential employee could make from accounting information?

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| --- | --- |
| **A.**  | Personnel turnover statistics (i.e., hiring and terminations). |

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| --- | --- |
| B.  | Probability of the company's ability to make profit sharing plan contributions in the future. |

|  |  |
| --- | --- |
| C.  | Assessment of the risk that the company may become bankrupt in the near future. |

|  |  |
| --- | --- |
| D.  | The extent of the company's commitment to a research program. |

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|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 7. | Which of the following are qualified to express an auditor's opinion about an entity's financial statements?

|  |  |
| --- | --- |
| A.  | A Comptroller. |

|  |  |
| --- | --- |
| B.  | A Certified Management Accountant. |

|  |  |
| --- | --- |
| C.  | A Certified Internal Auditor. |

|  |  |
| --- | --- |
| **D.**  | A Certified Public Accountant. |

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| --- | --- |
| E.  | None of the above. |

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| *AACSB: CommunicationAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-03 Identify the variety of professional services that accountants provide.Topic: What is Accounting?* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 8. | Which classification of accounting is most concerned with the use of economic and financial information to plan and control many of the activities of the entity?

|  |  |
| --- | --- |
| A.  | Financial accounting. |

|  |  |
| --- | --- |
| B.  | Auditing-Public accounting. |

|  |  |
| --- | --- |
| **C.**  | Managerial accounting. |

|  |  |
| --- | --- |
| D.  | Income tax accounting. |

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|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 9. | An unqualified auditors' opinion about an entity's financial statements:

|  |  |
| --- | --- |
| A.  | is a clean bill of health. |

|  |  |
| --- | --- |
| B.  | means that all of the entity's transactions during the audited period were checked out. |

|  |  |
| --- | --- |
| C.  | guarantees that the entity was not involved in or the victim of any fraudulent activities during the audited period. |

|  |  |
| --- | --- |
| **D.**  | states that they are presented in conformance with U.S. generally accepted accounting principles. |

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| *AACSB: CommunicationAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-06 Generalize about how financial reporting standards evolve.Topic: How has Accounting Developed?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 10. | Cost accounting is a subset of which of the following?

|  |  |
| --- | --- |
| A.  | Internal auditing. |

|  |  |
| --- | --- |
| B.  | Public auditing. |

|  |  |
| --- | --- |
| C.  | Cost analysis. |

|  |  |
| --- | --- |
| **D.**  | Managerial accounting. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN Decision MakingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-03 Identify the variety of professional services that accountants provide.Topic: What is Accounting?* |

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 11. | The officer of a corporation responsible for the firm's published financial statements would be most concerned about pronouncements of the:

|  |  |
| --- | --- |
| **A.**  | FASB. |

|  |  |
| --- | --- |
| B.  | AICPA. |

|  |  |
| --- | --- |
| C.  | GASB. |

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| --- | --- |
| D.  | SEC. |

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| --- | --- |
| E.  | IRS. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN Decision MakingAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-05 Explain the role that the Financial Accounting Standards Board (FASB) plays in the development of financial accounting standards.Topic: How has Accounting Developed?* |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 12. | Which of the following is ***not*** a characteristic or limitation of the kind of information that financial reporting by business enterprises can provide?

|  |  |
| --- | --- |
| A.  | The information results in approximate, rather than exact, measures. |

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| B.  | The information largely reflects the financial effects of transactions that have already happened. |

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| C.  | The information is provided and used at a cost. |

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| **D.**  | All of the above are characteristics or limitations of the kind of information that financial reporting by business enterprises can provide. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-09 Summarize the objective of general purpose financial reporting.Topic: How has Accounting Developed?* |

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| 13. | The ethical concept of independence means that an accountant employed:

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| A.  | by a corporation cannot prepare financial statements for use by the company's bank. |

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| B.  | by one company cannot work part-time for another company. |

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| **C.**  | by an auditing firm cannot own any stock in the company being audited. |

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| D.  | by one company cannot accept a job with another company in the same industry. |

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| *AACSB: EthicsAICPA: BB LegalAICPA: FN Risk AnalysisAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-07 Identify the key elements of ethical behavior for a professional accountant.Topic: How has Accounting Developed?* |

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| 14. | The objectives of financial reporting for nonbusiness enterprises:

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| A.  | are exactly the same as those for business enterprises. |

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| **B.**  | focus on providing information for resource providers, rather than investors. |

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| C.  | have more of an internal utilization rather than external reporting focus. |

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| D.  | do not give consideration to the cost of providing information. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN Decision MakingAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-09 Summarize the objective of general purpose financial reporting.Topic: How has Accounting Developed?* |

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| 15. | The ethical concept of integrity means that an individual must:

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| A.  | sign a pledge to abide by all laws and regulations. |

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| B.  | report to a supervisor any violation of the code of conduct of her company that is observed. |

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| C.  | read, understand, and agree to follow all provisions of her employer's code of conduct. |

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| **D.**  | attempt to be honest and forthright in dealings and communications with others. |

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| *AACSB: EthicsAICPA: BB LegalAICPA: FN Risk AnalysisAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-07 Identify the key elements of ethical behavior for a professional accountant.Topic: How has Accounting Developed?* |

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| 16. | Which of the following is an objective of financial reporting by business enterprises?

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| A.  | Financial reporting should provide assurance that all liabilities of business enterprises will be paid. |

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| --- | --- |
| B.  | Financial reporting should show the timing and amount of future cash dividends to potential investors. |

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| C.  | The primary focus of financial reporting is information about the assets of the entity. |

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| **D.**  | Financial reporting should provide information about the economic resources of an enterprise, the claims to those resources, and changes in those resources and claims to them. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: UnderstandDifficulty: 2 MediumLearning Objective: 01-09 Summarize the objective of general purpose financial reporting.Topic: How has Accounting Developed?* |

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| 17. | Which of the following is true about the International Accounting Standards Board (IASB)?

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| A.  | The IASB has been working with the FASB in recent years to achieve convergence of International Financial Reporting Standards (IFRS) and U.S. GAAP. |

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| B.  | The goal of the IASB is to develop a single set of high quality, understandable, enforceable, and globally accepted financial reporting standards based upon clearly articulated principles. |

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| C.  | The SEC has delegated full authority to the IASB to be the accounting standards setting body in the United States. |

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| D.  | All of the above are correct. |

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| **E.**  | Only A and B are correct. |

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| *AACSB: Analytical ThinkingAICPA: BB GlobalAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-06 Generalize about how financial reporting standards evolve.Topic: How has Accounting Developed?* |

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| 18. | The provisions of the Sarbanes-Oxley Act of 2002 had the following components:

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| A.  | Enforce auditing. |

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| B.  | Attestation. |

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| C.  | Quality control. |

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| D.  | None of the above are provisions. |

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| **E.**  | A, B and C are correct. |

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| *AACSB: Analytical ThinkingAICPA: BB LegalAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-06 Generalize about how financial reporting standards evolve.Topic: How has Accounting Developed?* |

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| 19. | Accounting can be defined as:

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| A.  | the process of preparing and auditing an entity's financial statements. |

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| **B.**  | the process of identifying, measuring, and communicating economic information about an organization for the purpose of making decisions and informed judgments. |

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| C.  | the process of communicating the financial results of corporate activities to investors and regulatory bodies. |

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| D.  | None of the above definitions are correct. |

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| E.  | A, B and C are correct. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 1 EasyLearning Objective: 01-01 Explain the definition of accounting.Topic: What is Accounting?* |

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| 20. | Over the years, the Securities and Exchange Commission (SEC) has delegated its statutory authority to establish accounting principles for publicly traded companies in the United States to each of the following organizations ***except*** the:

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| A.  | Committee on Accounting Procedures of the American Institute of Accountants. |

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| B.  | Accounting Principles Board (APB). |

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| C.  | Financial Accounting Standards Board (FASB). |

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| D.  | None of the above organizations were ever delegated authority by the SEC to establish accounting principles in the U.S. |

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| **E.**  | Each of the organizations listed in A, B, and C were at one time or another delegated authority by the SEC to establish accounting principles in the U.S. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-04 Summarize the development of accounting from a broad historical perspective.Topic: How has Accounting Developed?* |

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| 21. | Which of the following was ***not*** one of the reasons for the FASB's decision to undertake the Conceptual Framework project?

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| A.  | To provide a structure or framework of financial accounting concepts. |

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| B.  | To describe concepts that will underlie guidance on future accounting practices and in due course serve as a basis for evaluating existing guidance and practices. |

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| **C.**  | To provide detailed, industry-specific authoritative guidance for the accounting and financial reporting of complex business transactions. |

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| D.  | To facilitate the FASB's efforts in developing accounting and reporting guidance by providing a common foundation and basic reasoning on which to consider merits of alternatives. |

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| *AACSB: Analytical ThinkingAICPA: BB IndustryAICPA: FN ReportingAccessibility: Keyboard NavigationBlooms: RememberDifficulty: 2 MediumLearning Objective: 01-08 Summarize the reasons for the FASB’s Conceptual Framework project.Topic: How has Accounting Developed?* |