

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

Textbook: Financial Accounting: Tools for Business Decision Making, 8th Edition by Paul D. Kimmel, Jerry J. Weygandt, Donald E. Kieso, Wiley. (WileyPlus must be purchased.) **GO TO WILEYPLUS IMMEDIATELY TO REGISTER. You will be given a 2 week grace period on Wiley Plus therefore buy your book as soon as possible.** [www.wileyplus.com/class/668656](http://www.wileyplus.com/class/668656)

Homework and quizzes are done on WileyPlus

Schedule subject to change. Check Canvas for notices.

Date	Assignments Due	
	<b>MODULE 1 Chapter 1 to 3</b>	
Mon Sep 24, 2018	Chapter 1 Questions	
	Company Selection - Reserve your company here - no two students can choose the same company Discussion Forum	
Wed Sep 26, 2018	Test - In class	
Thu Sep 27, 2018	HW 1 (Wiley Plus) All HW open at beginning of quarter	1
Sun Sep 30, 2018	Quiz 1 (Wiley Plus) Opens on Sep 28	
Mon Oct 1, 2018	Balance sheet and the accounting equation Discussion Forum	1
	Chapter 2 Questions	
Wed Oct 3, 2018	Test - In class	1
Thu Oct 4, 2018	HW 2 (Wiley Plus) All HW open at beginning of quarter	
Sun Oct 7, 2018	Quiz 2 (Wiley Plus) Opens Friday Oct 5	
Mon Oct 8, 2018	Chapter 3 Questions	1
	Deferrals and Accruals Discussion Forum	
Wed Oct 10, 2018	Test - In class	1
Thu Oct 11, 2018	HW 3 (Wiley Plus) All HW open at beginning of quarter	1
Sun Oct 14, 2018	Quiz 3 (Wiley Plus) Opens Friday Oct 12	1

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

<b>Date</b>	<b>Assignments Due</b>	
Mon Oct 15, 2018	Exam 1	1
	<b>MODULE 2 Chapter 4 to 5</b>	
Mon Oct 22, 2018	Chapter 4 Questions	
	Shareholder's Equity Discussion Forum	1
	Play Monopoly in class	
Wed Oct 24, 2018	Test - In class	
Thu Oct 25, 2018	HW 4 (Wiley Plus) All HW open at beginning of quarter.	
Sun Oct 28, 2018	Quiz 4 (Wiley Plus) Opens Friday Oct 26	
Mon Oct 29, 2018	Chapter 5 Questions	
	Monopoly	
	Monopoly Audit in class	
	Profit Margin, Horizontal and Vertical Analysis Discussion Forum	
Wed Oct 31, 2018	Test - In class	
Thu Nov 1, 2018	HW 5 (Wiley Plus) All homework is open from the beginning of the quarter	
Sun Nov 4, 2018	Quiz 5 (Wiley Plus) Opens Friday Nov 2	
Wed Nov 7, 2018	Exam 2	
	<b>MODULE 3 Chapter 6 to 7</b>	
Mon Nov 12, 2018	Chapter 6 Questions	
	Inventory turnover Discussion Forum	
Wed Nov 14, 2018	Test - In class	1

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

<b>Date</b>	<b>Assignments Due</b>
Thu Nov 15, 2018	HW 6 (Wiley Plus) All HW open at the beginning of quarter
Sun Nov 18, 2018	Quiz 6 (Wiley Plus) Opens Friday Nov 16
Mon Nov 19, 2018	Chapter 7 Questions
	Fraud and Internal Control Discussion Forum
Wed Nov 21, 2018	Test - In class
Mon Nov 26, 2018	HW 7 (Wiley Plus) All HW open at beginning of quarter.
Wed Nov 28, 2018	Summary Financial Analysis- in class
Sun Dec 2, 2018	Quiz 7 (Wiley Plus) Opens Friday Nov 30
Wed Dec 5, 2018	Final – WEDNESDAY Dec 5 12:30 pm

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

**All due dates are firm as it is important to keep on schedule. If you miss an assignment or quiz FOR ANY REASON, you can complete extra credit points in homework.**

<b>Course requirements</b>	Three exams (100, 100 and 125)	325
	Seven chapter quizzes on WileyPlus (Open Friday to Sunday midnight)	140
	Seven in-class tests in the last 30 minutes of class on Wednesday	140
	Seven chapter questions on Canvas (Due Monday with hard copy to class)	35
	Seven homework assignments due Thursday midnight on WileyPlus. Extra Credit available	80
	Seven financial analysis discussion forums on Canvas (Post due Wednesday midnight, response due Sunday midnight)	70
	Essay exam on financial analysis (Due last week of class)	30
	Monopoly	20
	Extra credit opportunities if you attend speakers scheduled at the college	
	<b>TOTAL</b>	<b>760</b>

- Identify the purpose and uses of financial accounting
- Apply basic accounting principles and assumptions to business transactions
- Employ double-entry bookkeeping to record and report on basic business operational transactions in an accounting system
- Describe the impact of basic operating transactions on a business's financial position
- Critically analyze a business's financial position and operational results
- Discuss the origins of fraud and means by which a business may protect itself from it
- Demonstrate business communications skills through a variety of assessments such as team assignments, oral presentations, and written documents

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

**Contact**

Email: Best way to reach me is through the Canvas INBOX (not comments on assignments). I should respond within 48 hours. If I don't, resend the message as they do get waylaid. College email: [llum@bellevuecollege.edu](mailto:llum@bellevuecollege.edu)

Office Phone: 425-564-4063

Office Location: C207 Right beside tutoring lab

**Lum Office Hours: Monday through Thursday 11:30 am or by appointment. (I'm usually around my office if you have a quick question at other times.**

**Prerequisite**

**A grade of C or better for English 101 and Math 138 is required for this course.**

**Grading**

GRADE	POINTS	PERCENTAGE
A	4.0	92-100
A-	3.7	90-91
B+	3.3	88-89
B	3.0	82-87
B-	2.7	80-81
C+	2.3	78-79
C	2.0	72-77
C-	1.7	70-71
D+	1.3	68-69
D	1.0	62-67
F	0.0	BELOW 62

**A pass grade will not be given unless all requirements of the course are completed.**

**Chapter Questions ON CANVAS**

1. Chapter questions help you read through the chapter **prior** to covering it in class. They are due Sunday of the week that we cover the chapter.
2. DO NOT COPY THE QUESTIONS. PROVIDE ANSWERS ONLY.
3. Do not copy and paste from other sources. Write the answers out in your own words. You can check your Vericite score before the deadline and reword your answers so that you are below 30%.
4. Keep a version of the chapter questions to study from.

**Chapter homework: ON WileyPlus [www.wileyplus.com/class/668656](http://www.wileyplus.com/class/668656)**

1. Each chapter homework is due every **Thursday on WileyPlus** [www.wileyplus.com/class/668656](http://www.wileyplus.com/class/668656)
2. **START HOMEWORK EARLY!** It is open from the first day of class
3. Solutions manuals are available in the library and in the Business Study Center C207K.
4. WileyPlus has problem demonstrations under the tab: Read Study Practice

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

	The more homework you do, the better you will learn the material. <b><u>Completing 2 problems will get you full points for the chapter.</u></b> If you do the additional assigned problems, you will get 5 points extra credit (EC).
Chapter 1	Problems 1-3A, 1-4A, Extra Credit P1-5A
Chapter 2	Problems 2-4A, 2-5A, Extra Credit P2-6A
Chapter 3	Problems 3-7A, 3-8A, Extra Credit P3-9A
Chapter 4	Problems 4-4A, 4-5A, Extra Credit P4-6A
Chapter 5	Problems 5-1A, 5-8A, Extra Credit P5-4A P5-6A
Chapter 6	Problems 6-4A, 6-5A, Extra Credit P6-6A
Chapter 7	Problems 7-4A, 7-5A, Extra Credit P7-6A

**Chapter Quizzes** [www.wileyplus.com/class/668656](http://www.wileyplus.com/class/668656)

Chapter Quizzes are open on the Friday 8 am until Sunday 11:59 pm after we complete the chapter. Quizzes are timed for 60 minutes.

***In Class Quizzes***

Last twenty minutes of class on Wednesday you will be given an in-class quiz as practice for exams. These are 10 points each.

***Financial Analysis on Canvas***

1. Each student must select a company to analyze. You must post your analysis to the discussion forum on Canvas by Friday as noted on the schedule.
2. Then post one recalculation of a classmate and a comparison by Tuesday.
3. You will be asked to present in class and at the end of the quarter, the teams will do a comparison across the individual companies.

***Exams***

1. There will be three exams. 1 hour and 50 minutes each.
2. Exam 1 covers Ch 1 through Ch 2 and Ch 3.
3. Exam 2 covers Ch 1 to 6 with emphasis on Ch 3 to 6.
4. The final is comprehensive Ch 1 through 7 and is created by a group of instructors.
5. Exams are closed book and a 3 by 5 inch card is allowed.

***Lum Powerpoints***

The **powerpoints focus on tips and techniques to complete the transactions**. They are short and quick, therefore you may have to view them more than once to grasp the skill sets. Students find that it is helpful to review powerpoint before exams.

**Chapter 1**

Chap 1 Introduction

Why accounting is important to your life. It is!!

Chap 1 Financial Statements

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

Explanation of why financial statements are important. Using Costco, a merchandising firm or retailer as an example, this ppt explains how business models and processes relate to a company's success. It describes the components of the balance sheet (assets, liabilities and equity) and shareholder's equity. Explanation of income statement, statement of shareholder's equity (retained earnings particularly) and cash flow statement. Description of how financial statements fit with each other. Brief overview of GAAP.

Chap 1 Legal Forms

The three major legal forms (sole proprietorship, partnership and corporation) are explained with their advantages and disadvantages.

**Chapter 2**

Chap 2 Financial Ratios

In the classified balance sheet current assets (used within one year or operating cycle) are group together and totaled. Next comes long-term investments not used for operations. Then long term assets used for operations. Intangible assets is a new category which are assets without physical substance. Liabilities are also broken out to current liabilities and long term liabilities. Equity is subtotaled separately. Then total liabilities and equity are totaled. The classified balance sheet allows analyst to do ratios to evaluate liquidity and solvency.

The financial ratios covered are growth (year-to-year revenues and net income), profitability (gross margin, net margin), liquidity (current ratio, quick ratio, working capital), inventory turnover, receivables turnover and debt to asset. Financial ratios allow analysts to compare companies to other companies.

**Chapter 3**

Chap 3 Processsing Accounting Information

An introduction to the concepts of the accounting cycle, debits, credits, t-accounts and normal balances. Assets and expenses have debits as the normal balance (increase side). Liabilities, Equity and Revenues have credits as the normal balance (increase side).

Chap 3 Recording Accounting Information

The first four steps of the accounting cycle are to analyze, journalize, post to the account, and compile the trial balance. Using the same transactions from Jeff Bezos and Amazon, this video demonstrates how this is done.

Chap 3 Accrual Basis Accounting

The next two steps of the accounting cycle to make adjusting entries and compile the adjusted trial balance. This video provides descriptions of deferrals, accruals and adjustments and how they relate to GAAP. Changing some of the transactions from the Jeff Bezos and Amazon story, deferrals and accruals are demonstrated.

**Chapter 4**

Chap 4 Closing

The last three steps in the accounting cycle are covered here. The income statement is prepared. Then net income is brought to the retained earnings statement along with dividends. Then the balance sheet is compiled. In closing, use is made of the income summary account which is brought to retained earnings along with dividends. The post-closing trial balance is carried over to the next period.

**Chapter 5**

Chap 5 Periodic Merchandise Inventory Accounting

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

Describes how to categorize, journalize and post transactions for businesses that use periodic inventory. In Periodic, the cost of goods sold is calculated at the end of the period. The purchase, purchase returns and allowance, purchase discount and freight in accounts are used to accumulate transactions during the period and they are added to beginning inventory (purchase and freight in) or subtracted (purchase returns and allowances and discounts) to come to cost of goods available for sale. Then ending inventory is subtracted to come to cost of goods sold.

Chap 5 Multiple Step Income Statement

Describes how net sales (gross sales less sales returns and allowances/sales discounts), gross profit (net sales less cost of goods sold), operating profit (gross profit less operating expenses) and net income or profit is determined.

**Chapter 6**

Chap 6 Inventory cost flow

Describes how to do FIFO, LIFO and average cost flow in periodic inventory.

**Chapter 7**

Chap 7 Internal Control

Principles of internal control.

Chap 7 Cash Reconciliation

Describes how to reconcile cash in bank and book (company) balances.

Chap 7 Cash Management

Reviews cash flow statement and cash budgeting.

Chap 7 Cash Control

Control principles in cash.



**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

**Company  
Analysis**

Each student will be required to select a company from the following list. You will be performing analysis on the 10Ks of your company throughout the quarter and posting your work and analysis to the appropriate discussion forums and presenting your analysis in class or in the discussion forum (online class).

These company analysis will help you understand how financial statements are used to evaluate companies.

**Reserve your company on the Canvas Discussion: Company Selection**

<b>Goods</b>	<b>Business Services</b>
Harley Davidson	Micron Technology
General Motors	Nvidia
Kellog	Cisco
Goodyear	Hewlett Packard
Tyson	Qualcomm
Toyota	Intel
Honda	Oracle
Ralph Lauren	IBM
Proctor and Gamble	<b>Healthcare</b>
Nestle	Tenet Healthcare
Coca Cola	Amgen
Pepsico	Mylan
Nike	Davita
Colgate	Johnson
Tesla	Astrazeneca
General Mills	Express Scripts
Mattel	Baxter International
L'Oreal	United Healthcare
Kimberley Clark	Universal Health Services
Bridgestone	Perigo

**Mandatory  
expected time**

The Business Transfer Program prepares students for careers in business. All the courses in the program are second-year courses that are rigorous and have many requirements

**Standard of  
Behavior**

All interactions will be evaluated as to whether they are acceptable in the business environment. This includes interactions in the class, on online discussion forums, email communications, with the instructor, with fellow students, and in the community. Inappropriate communications include jokes and discussions your classmates find offensive, excessive messages, and other communications which would be typically deemed inappropriate in the workplace. If posting are deemed inappropriate or detrimental to the learning environment, they will be removed from the discussion forum. The student will be informed and expected to comply with requests for change and improvement.

**Student Code**

Cheating includes, but is not limited to, copying answers on exams, glancing at nearby exams, turning in assignments or papers that have been used in other classes, and

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

giving or receiving help during an exam. Cheating includes, but is not limited to, purchasing or selling notes, assignments or examination materials. Having a cell phone in view for any reason during an exam will result in a zero in the exam.

Stealing includes, but is not limited to, taking the text, notes, exams, library books or other personal property of others without their permission.

Plagiarism is presenting the words, ideas, and/or work of others as if it is an individual's own work. It includes, but is not limited to, using other's papers as one's own and including parts of published works without giving credit where credit is due.

If you choose to cheat, steal or plagiarize, or if you assist anyone in cheating, the following actions will be taken:

You will receive zero on the assignment or assessment.

A report of the incident will be forwarded to the Dean of Student Services. He/she may file the report in your permanent record and/or take further disciplinary action.

If you feel you have been unfairly accused of any of the above, you may appeal. For a description of due process, see WAC 132H-120, available in the Dean's office.

"Cheating, stealing and plagiarizing (using the ideas or words of another as one's own without crediting the source) and inappropriate/disruptive classroom behavior are violations of the Student Code of Conduct at Bellevue College. Examples of unacceptable behavior include, but are not limited to: talking out of turn, arriving late or leaving early without a valid reason, allowing cell phones/pagers to ring, and inappropriate behavior toward the instructor or classmates. The instructor can refer any violation of the Student Code of Conduct to the Vice President of Student Services for possible probation or suspension from Bellevue College. Specific student rights, responsibilities and appeal procedures are listed in the Student Code of Conduct, available in the office of the Vice President of Student Services." The Student Code, Policy 2050, in its entirety is located at:

[http://bellevuecollege.edu/policies/2/2050\\_Student\\_Code.asp](http://bellevuecollege.edu/policies/2/2050_Student_Code.asp)

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

**Affirmation of  
Inclusion**

Bellevue College is committed to maintaining an environment in which every member of the campus community feels welcome to participate in the life of the college, free from harassment and discrimination. We value our different backgrounds at BCC, and students, faculty, staff members, and administrators are to treat one another with dignity and respect.

**Code of Honor**

By being a student in this course you acknowledge that you are a part of a learning community at Bellevue College that is committed to the highest academic standards. As a part of this community, you pledge to uphold the fundamental standards of honesty, respect, and integrity, and accept the responsibility to encourage others to adhere to these standards.

**Accommodations**

The Disability Resource Center serves students with a wide array of learning challenges and disabilities. If you are a student who has a disability or learning challenge for which you have documentation or have seen someone for treatment and if you feel you may need accommodations in order to be successful in college, please contact DRC as soon as possible.

If you are a person who requires assistance in case of an emergency situation, such as a fire, earthquake, etc, please meet with your individual instructors to develop a safety plan within the first week of the quarter.

The DRC office is located in B 132 or you can call at 425.564.2498. Deaf students can reach us by video phone at 425-440-2025 or by TTY at 425-564-4110. Application information and other helpful links at [www.bellevuecollege.edu/drc](http://www.bellevuecollege.edu/drc)

**Public Safety**

The Bellevue College (BC) Public Safety provides personal safety, security, crime prevention, preliminary investigations, and other services to the campus community, 24 hours per day, 7 days per week. Their phone number is 425.564.2400. Public Safety is located in K100 and on the web at: <http://bellevuecollege.edu/publicsafety/> for campus emergency preparedness information, campus closure announcements and critical information in the event of an emergency.

**Declare your  
business major**

If you intend to and have not already done so, declare your business major. Make sure you have consulted with an advisor and laid out your courses.

**Business Transfer Website:**

**<http://bellevuecollege.edu/business/transfer/default.htm>**

**CPA  
Requirements**

For students interested in pursuing the Certified Public Accountant designation, check out the following website for educational requirements:  
[http://www.nasba.org/files/2011/02/Info\\_ForApplicants\\_Washington.pdf](http://www.nasba.org/files/2011/02/Info_ForApplicants_Washington.pdf)

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

	<b><i>Chapter Objectives</i></b>
<b>CHAPTER 1</b>	<ol style="list-style-type: none"> <li>1. Identify the forms of business organization and the uses of accounting information.</li> <li>2. Explain the three principle types of business activity.</li> <li>3. Describe the four financial statements and how they are prepared.</li> </ol>
<b>CHAPTER 2</b>	<ol style="list-style-type: none"> <li>1. Identify the sections of a classified balance sheet.</li> <li>2. Use ratios to evaluate a company's profitability, liquidity, and solvency.</li> <li>3. Discuss financial reporting concepts</li> </ol>
<b>CHAPTER 3</b>	<ol style="list-style-type: none"> <li>1. Analyze the effect of business transactions on the basic accounting equation.</li> <li>2. Explain how accounts, debits, and credits are used to record business transactions.</li> <li>3. Indicate how a journal is used in the recording process.</li> <li>4. Explain how a ledger and posting help in the recording process.</li> <li>5. Prepare a trial balance.</li> </ol>
<b>CHAPTER 4</b>	<ol style="list-style-type: none"> <li>1. Explain the accrual basis of accounting and the reasons for adjusting entries.</li> <li>2. Prepare adjusting entries for deferrals.</li> <li>3. Prepare adjusting entries for accruals.</li> <li>4. Prepare an adjusted trial balance and closing entries.</li> </ol>
<b>CHAPTER 5</b>	<ol style="list-style-type: none"> <li>1. Describe merchandising operations and inventory systems.</li> <li>2. Record purchases under a perpetual inventory system.</li> <li>3. Record sales under a perpetual inventory system.</li> <li>4. Prepare a multiple-step income statement and a comprehensive income statement.</li> <li>5. Determine cost of goods sold under a periodic inventory system.</li> <li>6. Compute and analyze gross profit rate and profit margin.</li> <li>7. Record purchases and sales of inventory under a periodic inventory system.</li> </ol>
<b>CHAPTER 6</b>	<ol style="list-style-type: none"> <li>1. Discuss how to classify and determine inventory.</li> <li>2. Apply inventory cost flow methods and discuss their financial effects.</li> <li>3. Explain the statement presentation and analysis of inventory.</li> <li>4. Explain the lower-of-cost-or-market basis of accounting for inventories.</li> <li>5. Apply the inventory cost flow methods to perpetual inventory records.</li> <li>6. Indicate the effects of inventory errors on the financial statements.</li> </ol>
<b>CHAPTER 7</b>	<ol style="list-style-type: none"> <li>1. Define fraud and the principles of internal control.</li> <li>2. Apply internal control principles to cash.</li> <li>3. Identify the control features of a bank account.</li> <li>4. Explain the reporting of cash and the basic principles of cash management.</li> <li>5. Explain the operation of a petty cash fund.</li> </ol>

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

**Chapter Questions**

Answers to chapter questions are subject to Vericite check. If you score more than 30%, you will be given a score of 0. Please your score before the deadline and reword your answers.

**Chapter 1**

1. Describe the three primary forms of business organization and list three advantages and three disadvantages of each.
2. Identify the users of accounting information. Give an example of how do they use this information.
3. Give an example of the three types of business activity.
4. Describe the content and purpose of each of the four financial statements.
5. Define assets, liabilities, and stockholders' equity, and state the basic accounting equation. Give an example of each.

**Chapter 2**

1. Identify sections of a classified balance sheet. Identify two accounts that fit into each section.
2. What is measured by profitability ratios? Give an example of how you compute EPS and discuss how it is used to measure profitability.
3. Define liquidity and solvency. Identify ratios for analyzing a firm's liquidity and solvency. How are these ratios interpreted?
4. Use the statement of cash flows to evaluate solvency. Give an example of how to compute free cash flow and describe what it measures.
5. What are generally accepted accounting principles? Name the U.S. and international standard-setting bodies that establish these principles.

**Chapter 3**

1. What is the basic accounting equation? Give an example of how a business transaction would effect the basic accounting equation.
2. Give an example of a journal entry using at least two accounts.
3. Give one example each of asset, liability, equity, revenue and expense accounts and the normal balance of debit or credit.
4. Give an example that shows the basic steps in the recording process.
5. What is the purpose of a trial balance?
6. Define cash activities as operating, investing, or financing and give one example of each.

**Chapter 4**

1. Give an example that shows that difference between the cash basis and the accrual basis of accounting.
2. Give an example of each of the four major types of adjusting entries.
3. Describe the nature and purpose of the adjusted trial balance.
4. Describe how closing entries are made.
5. List the required steps in the accounting cycle.

**Chapter 5**

1. Describe the difference between a service and merchandising firm. Give an example of each from publicly traded companies.

**ACCT& 201 – Leslie Lum**  
**FALL 2018 Course Syllabus**

2. Give a detailed example of the recording of purchases under a perpetual inventory system including returns, allowances and discounts.
3. Give a detailed example of the recording sales revenues under a perpetual inventory system including returns, allowances and discounts.
4. Give a detailed example of the recording of purchases under a periodic inventory system including returns, allowances and discounts.
5. Give a detailed example of the recording sales revenues under a periodic inventory system including returns, allowances and discounts.
6. What are the differences between a single-step and a multiple-step income statement?
7. Give an example of how to calculate cost of goods sold under a periodic inventory system. Show all relevant accounts.
8. Explain how the gross profit rate and the profit margin are computed.

**Chapter 6**

1. How do the shipping terms (FOB shipping point and FOB destination) affect ownership of goods?
2. What are terms and give an example of terms on an account.
3. Explain the basis of accounting for inventories and apply the inventory cost flow methods— FIFO, LIFO, and average—cost—under a periodic inventory system. Discuss the differences between the physical movement of goods and cost flow assumptions.
4. Discuss the effects on the income statement and balance sheet and tax effects of each of the inventory cost flow assumptions—FIFO, LIFO, and average-cost.
5. What is the lower-of-cost-or-market (LCM) basis of accounting for inventories? Describe the application of LCM.
6. What is the inventory turnover ratio? How is it computed? How is it used by external users and management?
7. What is the LIFO reserve? Explain its importance for comparing results of different companies.

**Chapter 7**

1. What are the three factors of the fraud triangle that contribute to fraudulent activity by employees?
2. Identify the six principles of internal control. Give examples of each principle. Discuss the limitations of internal control.
3. List the steps in preparing a bank reconciliation. Prepare a bank reconciliation. Prepare the journal entries that result from a bank reconciliation.
4. In which financial statement(s) is cash reported? Discuss restricted cash and negative cash balances.
5. Discuss the five basic principles of cash management.