

Accounting and Auditing Review

LEARNING OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below for each individual assignment.

After reading the Chapter 1 course material, you will be able to:

- Recognize some types of concentrations that might require disclosure under the risk and uncertainty rules
- Identify the definition of near term
- Recall the frequency in which an entity should test goodwill for impairment
- Recall the method for valuing certain types of inventory
- Recognize how business interruption insurance recoveries may be presented on the statement of income
- Identify certain GAAP going-concern terminology
- Identify certain tax law changes made by the CARES Act, and
- Recognize how a company should present and account for CARES Act PPP loans and related forgiveness on its financial statements.

After reading the Chapter 2 course material, you will be able to:

- Recognize a key change made to GAAP by the new lease standard
- Identify a type of lease that exists for a lessee under ASU 2016-02
- Recall a type of lease for which the ASU 2016-02 rules do not apply
- Recognize some of the criteria that determine whether a contract is or is not a lease
- Identify how a lessee should account for initial direct costs
- Recall how a lessor should account for initial direct costs for a lease in certain instances
- Identify how a lessor should account for lease payments received on the income statement for an operating lease
- Recognize how certain existing leases are accounted for on the implementation date of ASU 2016-02, and
- Recall the potential impact that the new lease standard might have on a lessee's EBITDA and debt-equity ratios.

After reading the Chapter 3 course material, you will be able to:

- Recognize the model that ASU 2016-13 uses to deal with credit losses
- Identify how credit losses should be recorded under new ASU 2016-13, and
- Identify some of the disclosures required by ASU 2016-13.

After reading the Chapter 4 course material, you will be able to:

- Identify a characteristic of a multi-employer plan
- Recall the color coding of funded status of a multi-employer plan
- Recognize the impact of changes in life expectancy on pension benefit obligations.
- Recognize an argument for not amortizing goodwill
- Identify an impact of the Wayfair decision on company sales taxes, and
- Identify an example of a customer-related asset.

After reading the Chapter 5 course material, you will be able to:

- Recognize the types of agreements that qualify as contracts under the revenue standard
- Recall a condition that must be met to identify a separate performance obligation
- Identify at least one method that is used to record revenue in Step 5 of the revenue standard
- Recognize when a good is considered transferred to a customer under ASC 606
- Recognize how to account for the transfer of a product with a right to return
- Recall the general rule that determines whether an entity should record revenue gross or net
- Recall how certain contract costs are accounted for under the revenue standard, and
- Recognize certain disclosures required by the revenue standard for nonpublic entities.

After reading the Chapter 6 course material, you will be able to:

- Identify the category of securities for which ASU 2016-01 retains the three categories under existing GAAP
- Recall one of the changes made by ASU 2016-01 to existing GAAP for financial instruments.
- Recall how available-for-sale debt securities are measured on an entity's balance sheet
- Recognize how an entity should account for a temporary impairment
- Recall how an entity should present an unrealized gain or loss on an equity security under ASU 2016-01
- Identify how a mutual fund that invests in debt and equity securities should classify the investment, and
- Recall a change made to the exemption for fair value disclosures with respect to trade receivables and payables.

After reading the Chapter 7, you will be able to:

- Recognize a precondition for an accountant to accept a SSARS engagement
- Recall whether the preparation of financial statements standard is an attest or nonattest service
- Identify whether a report is required in a preparation of financial statements engagement
- Recognize what the reporting requirements are, if any, when a "no assurance" legend is omitted from prepared financial statements under the AR-C 70 standards
- Identify where to disclose GAAP departures in a preparation of financial statements engagement
- Identify factors that should consider in determining materiality in a review engagement
- Recognize a change that SSARS No. 25 makes to the accountant's review report
- Identify the term that GAAP uses for management's assessment of an entity's going concern
- Recall some of the items that should be documented in a review engagement

After reading the Chapter 8, you will be able to:

- Recall the location of certain sections in the auditor's report
- Recognize the categorization of an adverse opinion
- Identify a change that SAS No. 136 makes to the limited-scope ERISA audit
- Recognize one of the changes made by AU-C 703 to ERISA audits
- Recall the reporting requirement when an auditor obtains other information in an audit
- Identify a reference that is made in the new definition of materiality
- Recognize the definition of certain types of paragraphs made by SAS No. 139
- Recognize an example of an attribute of information obtained as audit evidence per SAS No. 142
- Identify an attribute of audit evidence referenced in SAS No. 142
- Identify how inherent and control risk should be assessed under the SAS No. 143 requirements
- Recall the three approaches that an auditor can use to perform further audit procedures required by SAS No. 143
- Identify a change made by SSAE No. 19
- Recognize one of the four types of engagements within SSAE No. 21's new definition of attestation engagement
- Identify an example of subject matter that is within the scope of SSAE No. 22's review

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