

1. Norma Inc. entered into a new lease arrangement during its 20X3 fiscal year. The lease requires annual payments of \$33,200. The first payment was made on the commencement date of the lease, January 1, 20X3. At the end of the fiscal year, December 31, 20X3, the company had the following balances in its statements related to the right-of-use (ROU) asset and lease liability:

Cost — ROU asset	DR 140,759
Accumulated depreciation — ROU asset	CR 28,152
Lease liability	CR 117,239
Interest expense	DR 9,680

Which of the following is correct with respect to the impact on the statement of cash flows (SCF) for this lease for 20X3, assuming Norma follows IFRS and recognizes interest paid as operating activities?

- a) Investing activities (\$140,759); Financing net cash inflows \$117,239
 - b) Investing activities (\$33,200)
 - c) Financing activities (\$33,200); Operating activities (\$9,680)
 - d) Investing activities (\$33,200); Operating activities (\$9,680)
2. Lisa is currently working on completing the SCF for Sollan Inc. for 20X4. Selected information follows:

	20X4	20X3
Decommissioning obligation	\$25,000	\$28,000
Deferred income tax liability	\$18,000	\$10,000
Current tax liability	\$4,000	\$4,000
Income tax expense	\$45,000	

During the year, Sollan installed new equipment that required an increase in the decommissioning obligation of \$10,000, and it paid \$13,000 on a separate decommissioning obligation that came due.

Assuming Sollan uses the direct method, based on the above information provided, what is the impact on Sollan's SCF for 20X4 for these selected items?

- a) Operating activities (\$66,000)
- b) Operating activities (\$37,000); Investing activities (\$13,000)
- c) Operating activities (\$50,000)
- d) Operating activities (\$53,000); Investing activities (\$3,000)

3. In preparing interim financial statements, which of the following statements is true?
- a) If revenues are seasonal, deferred revenues can be recognized in an interim period in order to provide more reliable information, even though they are not deferred at year end.
 - b) Losses on inventory writedown recognized in an interim period can be reversed if the estimate changes in a subsequent quarter.
 - c) Income tax expense is recognized in each interim period based on the income tax rate prevailing at the time of preparation.
 - d) Costs incurred unevenly over the year may be anticipated at the interim date to ensure proper matching.
4. Which of the following is an objective of management discussion and analysis (MD&A)?
- a) To provide projections on what the results will be for the coming year
 - b) To enable readers to view the company's performance through the eyes of the investors and creditors
 - c) To outline key trends that could impact future financial statements
 - d) To provide non-standard key performance indicators that are not accounting related
5. Which of the following situations will cause a company's cash cycle to decrease?
- a) The company has increased its cash balance.
 - b) The company's days in receivables has decreased.
 - c) The payables days has decreased.
 - d) The days in inventory has increased.