1. ANS: A

Financial statements issued by a development stage enterprise shall present them in conformity with the generally accepted accounting principles that apply to established operating enterprises.

2. ANS: B

Non accrued losses: Disclosure of the contingency is necessary when there is at least a reasonable possibility that a loss may have been incurred.

3. ANS: B

For vacation pay: The employer's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered, The obligation relates to rights that vest, Payment of the compensation is probable, and The amount can be reasonably estimated.

For sick pay: Employer is not required to accrue a liability for nonvesting accumulating rights to receive sick pay benefits

4. ANS: C

$800,000 total compensation (given)
2 year period for vesting equals $400,000 per year for expense and Paid-in capital.

5. ANS: D

Total comp.		$800,000	
% remaining		.92	(100% -8% forfeited
remaining comp	(for two years)	736,000	
Less: amt already recognized	in 2010	400,000	
amount to recognized in 2011		336,000	

6. ANS: D

Examples of disclosures by an entity commonly required with respect to accounting policies would include, the following: basis of consolidation, ***depreciation method***s, Amortization methods of intangibles, Inventory pricing, method of accounting for recognition of profit on long-term construction-type contracts, methods of recognition of revenue from franchising and leasing operations.
The other three answer choices do not deal with choices from among alternatives.

7. ANS: A

Unless the circumstances are such that the collection of the sale price is not reasonably assured, the installment method of recognizing revenue is not acceptable.

8. ANS: A

employees' services have to have already been rendered.

9. ANS: A

Cannot be anticipated; gain has to already been realized. Are not reflected in the accounts prior since to do so might recognize revenue prior to its realization.

10. ANS: A

includes all changes in equity during a period except those resulting from investments by owners and distributions to owners