**Module 11**

**1. The balance sheet shows a company's financial performance over a specific accounting period.**

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The balance sheet shows a company’s financial position **at the end of an accounting period**

**2. Account Receivables is an item in the assets account which includes customers' debts to be paid in the regular operating cycle of the business**

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**3. If a company revaluates an asset at the price it could be sold, they use the current replacement cost method**

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Replacement Cost methodvalues all assets at their **current** replacement cost or selling price. “**Could**” in this sentence implies possibility, not certainty. This sentence would be true if it says: the price it is currently sold.

**4. Accelerating depreciation techniques are created as an incentive to pay lower income taxes as a result of reducing the company's profits.**

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**5. The only difference in meaning between the terms depreciation and amortization is the kind of asset whose cost is spread during its useful life.**

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**Amortization** implies the spreading of an **intangible** asset's cost over that asset's useful life.

**Depreciation** means prorating a **tangible** asset's cost over that asset's life

**6. The terms provision and allowance can be used interchangeably as they have similar meanings.**

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A **provision** includes a future and **certain** event but uncertain as to dates and amounts. On the other hand, an **allowance** includes a future event which is **uncertain.**

**7. Cash Flow Statements include the money coming into the company related to operations, investing and financing.**

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This statement includes the money coming into and **leaving** the business, relating to operations, investing and financing

**8. The difference between the sales revenue and the cost of sales in Net Profits.**

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After **all the expenses and deductions** (not only the cost of sales) is the net profit.

**9. Breakeven analysis is made by companies to see whether it is profitable or not to make certain product or provide certain service.**

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**10. Countries with high inflation tend to use the Replacement Cost accounting method which values the assets at their estimated current selling price.**

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Current selling Price and current selling Price are synonyms.