

Study in Accounting Theory
ACCT 511
Lecture: Khalid Al-Adeem

Homework

Due date: In class Sunday 9/6/1431

Research Problem 1:

How each category of temporary investments is measured and reported according to FASB's requirements, the international standards, and the Saudi standards?

Receivables

Research Problem 2:

Compare the flow assumptions of inventories that the inventory standard issued by the SOCPA allows with those that the international standards allow.

Question 1:

Even though prepaid items are not convertible to cash, they are treated as current assets and listed in the balance sheet as so.

Justify considering prepaid items as current assets.

Question 2:

Find out why deferrals are placed in the current liability section, while are not liabilities in the sense that there is no claimant.

Question 3:

The concept of working capital is not truly operationally defined. Its definition is based on traditions and customs.

List the issues related to such definition. Use examples to demonstrate your discussion. Then, state the definition that Schroder et al. (2009) propose. What will be listed as current assets and current liabilities under their proposed definition?