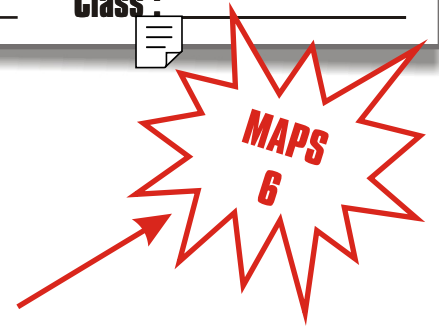


SECTION 14 - QUESTION 1 & 2: **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

Name : \_\_\_\_\_

Class : \_\_\_\_\_



**GAAP**

Identify the GAAP violations in the following situations.

**Q 1** Gary has started a new business as a Marketing Consultant. He invests \$5,000 by depositing the funds in his personal bank account. Gary says that his investment is so small that he can keep track of everything.

Answer:

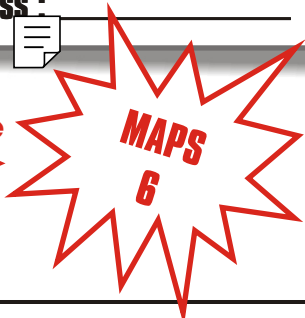
**Q 2** Abdul is going to the bank to apply for a bank loan for his import business. He owns a small factory in Kenya and retails merchandise in North America. He has prepared his financial statements in Kenyan Shillings because he has financial statements already prepared for his factory operations.

Answer:

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Name : \_\_\_\_\_ Class : \_\_\_\_\_

Students, click on star to go to the Visual Learning Maps web page



**GAAP**  
Identify the GAAP violations in the following situations.

**Q 3** Kwan operates a ski shop and decides that he will only prepare financial statements for the 4 ½ month period of November to March 15. He argues that this is his busiest period and he will save money on accounting fees by not having the work done during his off season.

Answer:

**Q 4** Jim started his business 20 years ago and purchased land and a building at the time for \$100,000. The property was appraised for \$850,000 last week. Jim has decided to make an entry to his books to increase the land and building to the appraised values.

Answer: