

As you study accounting, you will become increasingly familiar with a variety of generally accepted accounting principles. Already, you are beginning to appreciate some of the fundamental principles, rules, and procedures. Evaluate the following ten comments, and state whether you:

Agree  
Disagree

- (a) The fundamental accounting equation precludes a situation where liabilities exceed assets.
- (b) A complete set of financial statements would include a cash flow statement.
- (c) The balance sheet can be prepared in a vertical or horizontal format.
- (d) The form of dating each financial statement is identical.
- (e) Many assets are reported at their historical cost.
- (f) Revenue should not be recognized before it is collected.
- (g) The term income is synonymous with the term revenue.
- (h) Dividends are reported as an expense on the income statement.
- (i) Retained earnings will equal cash on hand.
- (j) Issuing stock does not increase a company's revenue or income.