

Name \_\_\_\_\_

### FINANCE & INVESTMENT CYCLES

Match the audit step below with its appropriate area. Each audit step has two areas and you may use an area more than once.

- A. Cash
- B. Investments
- C. Current liabilities
- D. Deferred tax asset/liability
- E. Pension liability
- F. Bonds payable
- G. Dividend payable
- H. Taxes payable
- I. Common stock
- J. Pension expense
- K. Compensation expense
- L. Interest expense
- M. Stock compensation expense

- \_\_\_\_, \_\_\_\_ 1. Trace amounts per the cash disbursement journal to the appropriate liability account:
- \_\_\_\_, \_\_\_\_ 2. Trace the stock issued per the transfer agent report to equity:
- \_\_\_\_, \_\_\_\_ 3. Trace EPS to net income and stockholders' equity:
- \_\_\_\_, \_\_\_\_ 4. Trace overfunded liability amount to actuary report:
- \_\_\_\_, \_\_\_\_ 5. Recalculate interest expense using face amount and current terms:
- \_\_\_\_, \_\_\_\_ 6. Recalculate compensation expense using stock compensation plans approved by the board of directors:
- \_\_\_\_, \_\_\_\_ 7. Recalculate stock compensation expense using a model such as Black-Scholes for valuation:
- \_\_\_\_, \_\_\_\_ 8. Recalculate taxes payable:
- \_\_\_\_, \_\_\_\_ 9. Review debt covenants:
- \_\_\_\_, \_\_\_\_ 10. Review cash equivalents for maturity: