

CFA® SAMPLE QUESTION - LEVEL I

Financial Reporting and Analysis

Q: Which of the following statements regarding the income statement under U.S. GAAP is MOST ACCURATE?

CORRECT ANSWER:

(b) Net income usually does not reflect a company's sustainable income.

Net income generally does not reflect sustainable income.

Choice "A" is incorrect. Under the accrual method of accounting, revenues and expenses are often reported in periods other than those in which the cash is received and paid.

Choice "C" is incorrect. Revenues and expenses are often based on historical information.



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