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### NEW QUESTION: 1

External auditors are primarily responsible for:

- A. Checking the accuracy of all entries in the accounting system
- B. Determining that the accounts show a fair representation of the affairs of the company
- C. Detecting errors and fraud
- D. Preparing the financial accounts

Answer: B ([LEAVE A REPLY](#))

### NEW QUESTION: 2

The financial statements are produced in accordance with relevant accounting standards. This compliance ensures the requirement of fair presentation of transactions and events is met How is this compliance emphasized?

- A. Regular preparation of financial statements
- B. Specific disclosure
- C. Reconciliation procedures
- D. Employment of qualified employees

Answer: B ([LEAVE A REPLY](#))

### NEW QUESTION: 3

Accounting records should be kept by all businesses for many reasons.

Which THREE of the following are reasons for keeping accounting records?

- A. Provides information about the resources and activities of a business
- B. In case of potential takeovers
- C. Indicates how successfully managers are performing

- D. Aids the efficient running of a business
- E. To reassure employees
- F. To aid the application of bank loans

**Answer: A,C,D (LEAVE A REPLY)**

**NEW QUESTION: 4**

Which THREE of the following are subsidiary bodies of the IFRS Foundation?

- A. International Advisory Committee
- B. Advisory Interpretations Committee
- C. International Advisory Standards Board
- D. IFRS Advisory Council
- E. IFRS Interpretations Committee
- F. International Accounting Standards Board

**Answer: D,E,F (LEAVE A REPLY)**

**NEW QUESTION: 5**

The phrase 'net book value', when applied to the statement of financial position figure for non-current assets, indicates that the figure represents:

- A. The current market value of the assets, less accumulated depreciation
- B. The replacement cost of the assets
- C. The original cost or valuation of the assets, less accumulated depreciation
- D. The current market value of the assets

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 6**

Refer to the Exhibit.

Data:	
Opening balance	600 units valued at £2 each
5th	purchase of 1000 units at £2.40 each
8th	sale of 800 units
13th	purchase of 1200 units at £2.50 each
24th	sale of 500 units

Your organization uses the Weighted Average Cost method of valuing inventory.

During a particular month, the following inventory details were recorded:

The value of the inventory at the end of the month was

**Answer:**

£3596

**NEW QUESTION: 7**

A decrease in the allowances for receivables would result in:

- A. An increase in liabilities
- B. A decrease in working capital
- C. A decrease in net profit
- D. An increase in working capital

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 8**

Which of the following does not necessarily need to be true for something to be treated as an asset in an entity's statement of financial position?

- A. It is legally owned by the entity
- B. It has arisen as a result of a past transaction or event
- C. The right of access to it is controlled by the entity
- D. It has probable future economic benefit

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 9**

Refer to the exhibit.

Nominal value	50 cents
Current trading price	\$2.50
Declared dividend	5%

The following information is available about the ordinary shares of a public limited company:

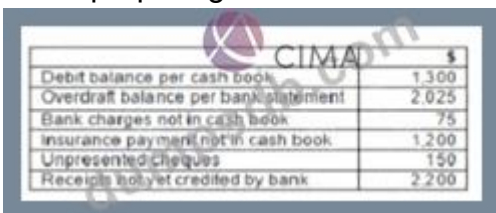
A shareholder who purchased 20,000 shares at a price of \$1.90 will receive a dividend of

- A. \$2,500
- B. \$1,900
- C. \$2,400
- D. \$500

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 10**

CC is preparing its bank reconciliation, and has the following information:



Debit balance per cash book	1,300
Overdraft balance per bank statement	2,025
Bank charges not in cash book	75
Insurance payment not in cash book	1,200
Unpresented cheques	150
Receipts not yet credited by bank	2,200

What will the bank balance be, as presented in the statement of financial position, once the necessary adjustments have been made"

\$

**Answer:**

\$2025

**NEW QUESTION: 11**

The financial accounts, as prepared by the directors of a company, are required to show a 'true and fair view'.

This means that:

- A. The accounts are accurate
- B. The accounts contain no fraudulent transactions
- C. The accounts are prepared in accordance with the Companies Act and comply with relevant reporting standards
- D. No errors were detected during the audit of the accounts

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 12**

Refer to the Exhibit.

	Debit	Credit
a)	Asset	Expense
b)	Drawings	Capital
c)	Expenses	Drawings
d)	Liabilities	Income

Double entry forms the basis of financial accounting records.

Which of the following combinations is correct?

- A. B
- B. D
- C. A
- D. C

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 13**

The double entry system underpins all accounting records

Which of the following combinations represent debit balances?

- A. Receivables, accruals, share capital & expenses
- B. Bad debts, property, plant & equipment, accruals & receivables
- C. Drawings, prepayments, receivables & bad debts
- D. Property, plant & equipment, research & development, bank overdraft & expenses

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 14**

Which one of the following would not be considered a purpose of segregation of duty?

- A. Avoiding opportunities for diverting money from the company.
- B. Preventing fraudulent manipulation of the bookkeeping system.
- C. Ensuring staff get experience of a variety of different tasks.
- D. Ensuring no one person should have complete control over any section of the bookkeeping system.

**Answer: C ([LEAVE A REPLY](#))**

**NEW QUESTION: 15**

A company has receivables of \$60,000, which represents 60 payables days, and payables of \$45,000, which represents 45 payables days.

What would be the effect on cash, if receivable days and payables days were reduced to 55 days and 40 days respectively?

- A. An increase of \$5,000
- B. No effect
- C. An increase of \$10,000
- D. A reduction of \$10,000

**Answer: ([SHOW ANSWER](#))**

**NEW QUESTION: 16**

Company A has a receivables turnover ratio of six times, while Company B, which operates in the same market sector, has a receivables turnover ratio of five times.

This suggests that

- A. Company A has a higher level of receivables than Company B and is, therefore, more efficient than Company B.
- B. Company A has a lower level of receivables than Company B and is, therefore, more efficient than Company B.
- C. Company A has a higher level of receivables than Company B and is, therefore, less efficient than Company B.
- D. Company A has a lower level of receivables than Company B and is, therefore, less efficient than Company B.

**Answer: ([SHOW ANSWER](#))**

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#### NEW QUESTION: 17

Refer to the Exhibit.

Date:	Transactions:	Amount:
1 March 2006	Purchased goods on credit	\$500
1 to 31 March 2006	Cash sales	\$700
15 March 2006	J Taylor Drawings	\$300
31 March 2006	Payments to trade payable	\$200

John Taylor commenced business on 1 March 2006, paying \$1,000 cash into a business bank account. During the next month the following transactions took place.

The balance on the bank account at the end of the month is:

- A. \$700 debit
- B. \$700 credit
- C. \$1,200 debit
- D. \$1,200 credit

**Answer: C (LEAVE A REPLY)**

#### NEW QUESTION: 18

A company's financial statements show a gross profit of \$15 million. A major error in the inventory value system has been discovered resulting in an overstatement on opening inventory of \$1.2 million and an understatement in closing inventory of \$1.5 million.

What is the correct gross profit figure for the period?

- A. \$12.3 million
- B. \$17.7 million
- C. \$14.7 million
- D. \$15.3 million

**Answer: (SHOW ANSWER)**

#### NEW QUESTION: 19

A liability may best be defined as:

- A. A resource which may be used to derive income in the future
- B. The amount of money withdrawn from the business by the owners
- C. A person or entity owing money to the business
- D. An obligation to transfer economic benefits as a result of past transactions or events

**Answer: D (LEAVE A REPLY)**

#### NEW QUESTION: 20

Jasper has an opening capital balance at 1 January of \$84,650 credit. During the period there was an increase in assets of \$16,890 and an increase in liabilities of \$22,480.

The balance on the capital account at the end of the period is:

- A. \$79,060 credit
- B. \$5,590 debit
- C. \$90,240 credit
- D. \$5,590 credit

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 21**

Refer to the Exhibit.

	Debit		Credit	
A	Vehicle repairs expense account	\$650	Payables	\$650
B	Vehicle repairs expense account	\$763.75	Payables	\$763.75
C	Vehicle repairs expense account	\$650	Payables	\$763.75
	VAT	\$113.75		
D	Vehicle repairs expense account	\$553.19	Payables	\$650
	VAT	\$96.81		

A company which is not VAT-registered received an invoice for vehicle repairs of \$650 excluding VAT. The rate of VAT on the invoice was 17.5%.

Which of the following ledger entries to record the invoice are correct?

The correct ledger entries are.

- A. B
- B. C
- C. A
- D. D

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 22**

Which of the following is the correct double entry for a prepayment?

- A. Debit expense Credit prepayment (current liability)
- B. Debit expense Credit prepayment (current asset)
- C. Debit prepayment (current asset) Credit expense
- D. Debit prepayment (current liability) Credit expense

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 23**

There are many types of fraud that can happen within a business. One example could be the theft of cash, concealing the theft by delaying banking or by making up the shortage from other sources.

What is this type of fraud called?

- A. Collusion
- B. Theft
- C. Teeming and Lading
- D. Ghost employee

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 24**

Which THREE of the following are improved by the use of accounting standards?

- A. Position
- B. Fair presentation
- C. Cash flow
- D. Consistency
- E. Performance
- F. Comparability

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 25**

Strategic management deals with which ONE of the following;

- A. Day-to-day running of the business
- B. Short-term plans for the business such as meeting targets
- C. Long-term plans for the business

Answer: C ([LEAVE A REPLY](#))

**NEW QUESTION: 26**

What is the balance of the trading account?

- A. The total income
- B. The gross profit
- C. The closing inventories total
- D. The revenue value

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 27**

BCD has the following balances for the year ended 31 December 20X8:

	\$'000
Trade payables at 1 January 20X8	540
Cash paid to credit suppliers	1,570
Cash purchases	800
Credit purchases	1,690
Goods returned to credit suppliers	230
Discounts received from credit suppliers	50

What is the trade payables balance of BCD at 31 December 20X8? Give your answer to the nearest \$'000.

\$

**Answer:**

\$380

### NEW QUESTION: 28

Refer to the exhibit.

Data:	£ millions
<b>Current assets:</b>	
inventory	485
receivables	190
bank	20
	695
<b>Current liabilities:</b>	
payables	210

A company has the following current assets and liabilities at its most recent year end: When measured against standard acceptable levels for liquidity, the company can be said to have:

- A. An ideal acid test ratio, but a high current ratio
- B. An ideal current ratio, but a low acid test ratio
- C. A high current ratio and a low acid test ratio
- D. Ideal current and acid test ratios

**Answer: A (LEAVE A REPLY)**

### NEW QUESTION: 29

Before lending to an entity, which TWO of the following pieces of information would a potential lender want to consider?

- A. Past tax payments made by the entity
- B. Social policies of the entity

- C. Long term business plans of the entity
- D. Dividend policy of the entity
- E. Ability of the entity to meet interest payments

**Answer: C,E (LEAVE A REPLY)**

**NEW QUESTION: 30**

The Finance Director of EFG company has made the following statements regarding the recording of expenditure relating to the entity's property, plant and equipment (PPE) in the nominal ledger.

Which THREE of the following statements are true?

- A. The cost of repainting the office is credited to the repairs expense account
- B. The cost of insurance for the factory is debited to the PPE asset account.
- C. The annual depreciation charge reduces EFG's profit for the year.
- D. The loss on the disposal of PPE reduces EFG's profit for the year
- E. The loss on the disposal of PPE is recorded in a liability account
- F. The annual depreciation charge reduces the carrying value of PPE

**Answer: C,D,F (LEAVE A REPLY)**

**NEW QUESTION: 31**

M Ltd owns property costing \$80,000 (\$50,000 for the land and \$30,000 for the building).

The company's accounting policy is to depreciate buildings at the rate of 5% per annum on the straight-line basis.

After five years, what is the net book value of freehold land and building in the financial accounts of M Ltd?

- A. \$87,500
- B. \$78,500
- C. \$72,500
- D. \$60,000

**Answer: (SHOW ANSWER)**

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**NEW QUESTION: 32**

Refer to the exhibit.

	\$
Equity shares 50c	200,000
Share Premium	50,000
Retained earnings	125,000

A company has the following equity balances at the beginning of the year:  
During the year the company issued 100,000 new shares at \$1.20 each

	Share Capital	Share Premium	Retained Earnings
	\$	\$	\$
a)	250,000	50,000	195,000
b)	250,000	120,000	125,000
c)	300,000	50,000	145,000
d)	300,000	70,000	125,000

What are the equity balances after this issue?

- A. D
- B. B
- C. C
- D. A

Answer: [\(SHOW ANSWER\)](#)

#### NEW QUESTION: 33

Which of the following is not a book of prime entry?

- A. Sales ledger
- B. Purchases daybook
- C. Journal
- D. Cash book

Answer: [A \(LEAVE A REPLY\)](#)

#### NEW QUESTION: 34

Which one of the following book-keeping errors does not affect the view given by the financial accounts?

- A. An error of omission
- B. An error of principle
- C. An error of original entry
- D. An error of commission

Answer: [D \(LEAVE A REPLY\)](#)

#### NEW QUESTION: 35

At 1 January 20X8 JKL has share capital of \$500,000 and share premium \$270,000. The nominal value of each equity share is 50 cents On 31 July 20X8 JKL made a 1 for 4 bonus issue.

What is the balance on share premium following the bonus issue of shares? Give your answer to the nearest \$'000

\$  ,000

**Answer:**

\$270,000

**NEW QUESTION: 36**

Refer to the Exhibit.

	<i>Debit</i>		<i>Credit</i>	
A	Irrecoverable debts	\$5,400	Receivables	\$5,400
B	Irrecoverable debts	\$1,800	Receivables	\$3,600
	Allowance for receivables	\$1,800		
C	Irrecoverable debts	\$5,400	Allowance for receivables	\$1,800
			Receivables	\$3,600
D	Allowance for receivables	\$1,800	Irrecoverable debts	\$5,400
	Receivables	\$3,600		

Axminster Limited is calculating its irrecoverable debt charge and allowance for receivables for inclusion in its year-end accounts. The current allowance for receivables is \$28,600 and it is estimated that this needs to be raised to \$30,400. There are also bad debts of \$3,600 which should be written off.

Which is the correct entry to be made to the accounts to record these transactions?

The correct entry to be made to the accounts to record these transactions is:

- A. B
- B. D
- C. C
- D. A

**Answer:** ([SHOW ANSWER](#))

**NEW QUESTION: 37**

The issue of a company's shares for more than their normal value results in the creation of a

- A. General reserve.
- B. Share premium account.
- C. Goodwill account.
- D. Suspense account.

**Answer:** ([SHOW ANSWER](#))

**NEW QUESTION: 38**

Refer to the exhibit.

	\$'000
Equity share 50c	150
Share premium	80
Retained earnings	232

ABC has the equity balances at the end of year 1.

During year 2 ABC issues 100,000 new shares at a price of \$1.10

What is the balance on share premium at the end of year 2?

- A. \$140,000
- B. \$90,000
- C. \$190,000
- D. \$80,000

**Answer: A (LEAVE A REPLY)**

### NEW QUESTION: 39

Different users have different needs from financial information. One of which is to assess how effectively management is performing and how much profit will be available to be distributed.

Which of the following users will have this need for information?

- A. Suppliers
- B. Lenders
- C. Managers
- D. Shareholders

**Answer: D (LEAVE A REPLY)**

### NEW QUESTION: 40

EFG pays employees \$10 per hour The following rates of tax and social security are applicable.

	%
Income tax (applied to earnings over \$80 per week)	20
Employer's social security tax (on total gross earnings)	8
Employee's social security tax (on total gross earnings)	5

An employee works 38 hours in a week.

What is the amount employee receives for one week's work? Given you answer to the nearest \$.

\$

**Answer:**

\$301

**NEW QUESTION: 41**

Which THREE of the following are intrinsic elements of intangible assets?

- A. Is having its cost depreciated
- B. Has been in the entity's possession for at least one year
- C. Without physical substance
- D. A resource controlled by an entity
- E. Has future economic benefits

**Answer:** ([SHOW ANSWER](#))

**NEW QUESTION: 42**

Which of the following represent liabilities of a business?

- A. Share capital, provisions & discount received
- B. Loan stock(debentures), provisions & accruals
- C. Accruals, bank overdraft & receivables
- D. Profit, discount allowed & payables

**Answer:** B ([LEAVE A REPLY](#))

**NEW QUESTION: 43**

At the end of the year, the non-current asset register showed assets with a net book value of £170,300. The non-current asset accounts in the nominal ledger showed a net book value of £150,300.

The difference could be due to a disposed asset not having been removed from the non-current asset register, which had.

- A. Disposal proceeds of £25,000 and a net book value of £5,000
- B. Disposal proceeds of £25,000 and a loss on disposal of £5,000
- C. Disposal proceeds of £10,000 and a net book value of £10,000
- D. Disposal proceeds of £25,000 and a profit on disposal of £5,000

**Answer:** D ([LEAVE A REPLY](#))

**NEW QUESTION: 44**

A basic principle of accounting is that resources are normally stated in accounts at historical cost. Which THREE of the following are alternative ways of measuring resources?

- A. Fair value
- B. Purchase price
- C. Invoice value
- D. Replacement cost
- E. Net book value
- F. Value in use

**Answer:** A,D,F ([LEAVE A REPLY](#))

**NEW QUESTION: 45**

Which THREE of the following represent credit balances?

- A. liabilities
- B. income
- C. expenses
- D. capital
- E. drawings
- F. assets

**Answer: A,B,D ([LEAVE A REPLY](#))**

#### **NEW QUESTION: 46**

Published accounts must include the following statements:

- A. Manufacturing account, income statement, statement of financial position and statement of cash flows
- B. Trading account, income statement and statement of financial position
- C. Income statement and statement of financial position
- D. Income statement, statement of financial position and statement of cash flows

**Answer: ([SHOW ANSWER](#))**

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#### **NEW QUESTION: 47**

The trial balance shows the debit total as \$200 less than the credit total.

This could be due to:

- A. Entering \$100 received from a customer on the credit side of the trade receivable's account
- B. Under casting the purchases daybook by \$200
- C. Entering \$100 received from a customer on the debit side of the trade receivable's account
- D. Under casting the sales daybook by \$200

**Answer: B ([LEAVE A REPLY](#))**

#### **NEW QUESTION: 48**

Company X wants to find the total of all the transactions from its sales account. Where should Company X look?

- A. Memorandum account
- B. Sales ledger
- C. Sales control account

**Answer: C** ([LEAVE A REPLY](#))

**NEW QUESTION: 49**

Select the THREE INCORRECT statements from the following list of statements about memorandum accounts:

- A. A memorandum account is part of the nominal ledger
- B. A memorandum account is a daybook
- C. All transactions in a memorandum account have to be balanced with a corresponding entry in the nominal ledger
- D. A memorandum ledger is an account that is not part of the bookkeeping system as a whole

**Answer: A,B,C** ([LEAVE A REPLY](#))

**NEW QUESTION: 50**

Refer to the Exhibit.

Data:	
Credit sales	\$250,845
Trade receivables at 1 October 2000	\$59,450
Trade receivables at 30 September 2001	\$43,520

An extract of information from K's book of accounts revealed that:  
Cash received during the year is

**Answer:**  
\$266770

**NEW QUESTION: 51**

Which one of the following will not be found in a statement of changes in equity?

- A. Share premium account
- B. Debentures
- C. Ordinary shares
- D. General reserve

**Answer: (**[SHOW ANSWER](#)**)**

**NEW QUESTION: 52**

Which of the following would be a role of the management accountant?

- A. Reporting historic transactions
- B. Meeting external reporting requirements
- C. Monitoring actual results to expected results

D. Producing financial statements

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 53**

Which ONE of the following organizations issues International Accounting Standards (IFRS's)?

- A. International Financial Reporting Interpretation Committee (IFRIC)
- B. International Accounting Standards Board (IASB)
- C. Standards Advisory Council (SAC)
- D. International Accounting Standards Committee Foundation (IASCF)

Answer: B ([LEAVE A REPLY](#))

**NEW QUESTION: 54**

Which of the following is an example of a transaction that affects profit, but does not affect cash?

- A. Cost of electricity consumed in the period
- B. Purchase of raw materials
- C. Interest on bank loans
- D. Profit and loss on disposal of a non-current asset

Answer: D ([LEAVE A REPLY](#))

**NEW QUESTION: 55**

A business buys a new production line at a cost of £100,000. After using the line for one year a more advanced version of the line is marketed by the manufacturer. As a result the production line in operation has a market value of £ 50,000. The line is being depreciated straight line over five years.

The charge to the income statement for impairment of the production line will be

Answer:

£30000

**NEW QUESTION: 56**

ABC has the following summary of transactions for the quarter ended 30 June 20X9 ABC is registered for sales tax at 20%.

Outputs	\$96,000 (inclusive of sales tax)
Inputs	\$58,000 (exclusive of sales tax)

At the beginning of the quarter ABC owed \$2,300 to the local tax authority.

What is the balance owing to the local tax authority at 30 June 20X9? Give your answer to the nearest dollar.

\$

Answer:

\$68400

**NEW QUESTION: 57**

Refer to the Exhibit.

Option:	Debit		Credit	
A	Stationery expense	£500.00	Payables	£500.00
B	Stationery expense VAT account	£500.00 £ 87.50	Payables	£587.50
C	Stationery expense	£587.50	Payables	£587.50
D	Stationery expense VAT account	£425.53 £ 74.47	Payables	£500.00

A business which is not VAT registered, purchased stationery items on credit costing £500 excluding VAT.

The rate of VAT on the goods was 17.5%.

What are the correct ledger entries?

The answer is:

- A. Option A
- B. Option B
- C. Option C
- D. Option D

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 58**

Which of the following would be a good method of segregating the duties of staff?

- A. Employing separate persons to maintain the sales and purchase ledgers
- B. Employing a separate person to maintain and reconcile control accounts
- C. Employing an experienced cashier to deal with all bank transactions
- D. Employing a wages specialist to calculate and deal with the payment of wages

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 59**

Principles based accounting uses a conceptual basis to provide guidelines for preparing financial statements.

Which ONE of the following is an example of this approach?

- A. Tax legislation
- B. Company law
- C. Stock exchange regulations
- D. The Framework

**Answer: D ([LEAVE A REPLY](#))**

**NEW QUESTION: 60**

IAS 2 Inventories does not permit the use of the last in, first out (LIFO) method of valuing inventory. In a time of rising prices, which of the following is a reason for this?

- A. Closing inventory is understated.
- B. Gross profit is overstated
- C. Purchases are overstated
- D. Cost of sales are understated

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 61**

Which one of the following best describes the purpose of an external audit of financial statements?

- A. The auditor expresses an opinion on corporate governance issues.
- B. The auditor checks the statements for evidence of fraud.
- C. The auditor advises on the use of International Financial Reporting Standards.
- D. The auditor expresses an opinion on the truth and fairness of the financial statements.

**Answer: D ([LEAVE A REPLY](#))**

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**NEW QUESTION: 62**

Which one of the following would not contribute to the prevention and detection of fraud?

- A. Segregating the duties of staff
- B. Appointing a single well-qualified person to maintain the ledger accounts
- C. Conducting an audit
- D. Insisting that staff take holidays

**Answer: B ([LEAVE A REPLY](#))**

**NEW QUESTION: 63**

Which one of the following is not an example of an intangible asset?

- A. Research and Development costs
- B. Patents
- C. Trademarks
- D. Royalties

**Answer: D** ([LEAVE A REPLY](#))

**NEW QUESTION: 64**

Under the normal convention of accounting, assets are shown in the balance sheet at:

- A. Their cost value
- B. The current cost to the firm of replacing them
- C. Their economic value to the firm
- D. Their current market value

**Answer: A** ([LEAVE A REPLY](#))

**NEW QUESTION: 65**

In which section of the statement of cash flow would cash from share issues be included? Select one of the following Statement of cash How for the year ended.....

Statement of cash flow for the year ended .....	
CIMA	
	\$
Cash flows from operating activities	_____
Cash flows from investing activities	_____
Cash flow from financing activities	_____
Net increase/decrease in cash and cash equivalents	_____

**Answer:**

**Statement of cash flow for the year ended .....**

	\$
Cash flows from operating activities	
	_____
Cash flows from investing activities	
	_____
Cash flow from financing activities	
	_____
Net increase/decrease in cash and cash equivalents	
	_____
	_____

**Statement of cash flow for the year ended .....**

	\$
Cash flows from operating activities	
	_____
Cash flows from investing activities	
	_____
Cash flow from financing activities	
	_____
Net increase/decrease in cash and cash equivalents	
	_____

**NEW QUESTION: 66**

It underpins all accounting standards and provides the platform from which all future standards will be developed.

Which ONE of the following is described above?

- A. The Companies Act
- B. The International Financial Reporting Interpretation Committee
- C. The European Union
- D. The Framework

**Answer: D ([LEAVE A REPLY](#))**

**NEW QUESTION: 67**

The suspense account of a company was opened with a credit balance of \$360 when the trial balance failed to agree.

This could have arisen because

- A. an electricity bill of \$480 was entered in the electricity account as \$840.
- B. an electricity bill of \$360 was duplicated.
- C. an electricity bill of \$840 was entered in the electricity account as \$480.
- D. an electricity bill of \$180 was duplicated.

**Answer: A ([LEAVE A REPLY](#))**

**NEW QUESTION: 68**

Goodwill is calculated as being:

- A. The increase in the value of non-current assets as a result of revaluation
- B. The excess of the purchase price of an acquired business over the net book value of its separable net assets
- C. The excess of the purchase price of an acquired business over the fair value of its separable net assets
- D. The excess of the true value of a business over the net book value of its separable net assets

**Answer: C ([LEAVE A REPLY](#))**

**NEW QUESTION: 69**

Which TWO of the following are characteristics of financial accounts?

- A. They are produced from historic information
- B. They meet legal requirements
- C. They are used for internal decision making
- D. They include forecasted information.
- E. They are produced monthly or quarterly.

**Answer: A,B ([LEAVE A REPLY](#))**

**NEW QUESTION: 70**

The sales ledger control account shows a balance of £236,725, whilst the individual customer balances total

£231,472.

One possible explanation for the difference between the two may be.

- A. An invoice for £5,253 has been recorded in the sales ledger but not in the sales day book
- B. The sales daybook has been undercast by £5,253
- C. A payment for £5,253 has been recorded in the cashbook but not in the sales ledger
- D. The sales day book has been overcast by £5,253

**Answer: D ([LEAVE A REPLY](#))**

**NEW QUESTION: 71**

An asset may best be defined as:

- A. A person or entity to whom money is owed by the business
- B. An obligation to transfer economic benefits as a result of past transactions or events
- C. A resource which may be used to derive income in the future
- D. The amount of money invested in the business by the shareholders

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 72**

Internal controls can be split between detect controls and prevent controls.

Which THREE of the following are prevent controls?

- A. Recording all transactions
- B. Checking delivery notes to invoices
- C. Bank reconciliations
- D. Signing goods received notes
- E. Checking invoices to goods received notes
- F. Physical inventories

**Answer: B,D,E (LEAVE A REPLY)**

**NEW QUESTION: 73**

Which TWO of the following are responsibilities of the IFRS interpretations committee?

- A. Communicating the views of the wider public on the ongoing projects to the IASB
- B. Taking decisions on finalising an interpretation of the standards
- C. Issuing draft interpretations of the standards for public comment
- D. Preparing and publishing the international financial reporting standards

**Answer: B,C (LEAVE A REPLY)**

**NEW QUESTION: 74**

There are four separate but related bodies which control the setting of International accounting standards (IFRS's).

Which THREE of the following are included in the standard setting process?

- A. International Accounting Standards Committee Foundation (IASCF)
- B. Accounting Standards Board (ASB)
- C. International Accounting Standards Board (IASB)
- D. Chartered Institute of Management Accountants (CIMA)
- E. International Financial Reporting Interpretations Committee (IFRIC)
- F. Financial Accounting Standards Board (FASB)

**Answer: A,C,E (LEAVE A REPLY)**

**NEW QUESTION: 75**

The IASB's Framework for the Preparation and Presentation of Financial Statements identifies four possible measurement bases for use in financial statements Which of the following are those bases?

- A. historical cost, current cost, realizable value, present value
- B. historical cost, modified historical cost, realizable value, current cost
- C. historical cost, resale value, realizable value , present value
- D. historical cost, modified historical cost, realizable value, present value

**Answer: A ([LEAVE A REPLY](#))**

#### **NEW QUESTION: 76**

Which one of the following is an error of principle?

- A. The purchase of a non-current asset debited to the purchases account and credited to the payable's account
- B. The payment of wages debited and credited to the correct accounts, but using the wrong amount
- C. A gas bill credited to the gas account and debited to the bank account
- D. The purchase of a non-current asset credited to the asset at cost account and debited to the payable's account

**Answer: ([SHOW ANSWER](#))**

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#### **NEW QUESTION: 77**

Which of the following would be a role of the financial accountant?

- A. Monitoring actual results to expected results
- B. Meeting management reporting requirements
- C. Producing budgets for the future
- D. Meeting external reporting requirements

**Answer: D ([LEAVE A REPLY](#))**

#### **NEW QUESTION: 78**

A business has expanded rapidly during the current year. As a result the accounting records have been building up and the management accountant is having problems producing reports for each department head.

Which of the following would be the best solution if introduced?

- A. Department head produce their own reports
- B. Accounting codes
- C. Prepare fewer reports
- D. Extra working hours

**Answer:** ([SHOW ANSWER](#))

**NEW QUESTION: 79**

An entity decides to revalue its freehold property during the current period creating a revaluation surplus.

Where in the current period financial statements would the revaluation surplus appear?

- A. Statement of financial position and income statement
- B. Statement of financial position and statement of changes in equity
- C. Statement of changes in equity and statement of cash flow
- D. Statement of changes in equity and income statement

**Answer:** B ([LEAVE A REPLY](#))

**NEW QUESTION: 80**

Refer to the Exhibit.

Opening inventory	140 units @ \$10.60 per unit
Purchases 10 April	50 units @ \$10.80 per unit
Issues 12 April	80 units
Purchases 18 April	80 units @ \$11.00 per unit
Issues 23 April	120 units
Purchases 30 April	60 units @ \$11.00 per unit

A company operates a FIFO system of inventory valuation. The following information is available for the month of April:

The closing value of inventory at the end of the month of April is

**Answer:**

\$1432

**NEW QUESTION: 81**

A company issues \$100,000 12% Loan stock (debentures) on 1 July when the year end is 31 December The finance cost to be charged to the income statement in year 1 is \$

**Answer:**

6000

**NEW QUESTION: 82**

Company D recently purchased an intangible asset from Company JFY, which was priced at £150,500, which Company D paid, along a goodwill amount that totalled 25% of the asking price. Company D has estimated that the purchased entity will have a useful life of 35 years. Company D has decided to amortise the cost of the new asset using the straight line method.

What will the amortisation figure per annum be for Company D's new entity?

- A. £5,500
- B. £1,075
- C. £4,300
- D. £5,375

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 83**

A company started the year with an allowance for receivables of \$2,500.

During the year, an \$800 bad debt was written off and a debt of \$350 that had been written off as bad in the previous year was received in full. At the year end the allowance for receivables was \$2,300.

The charge in the income statement for the year in respect of bad debts is \$

**Answer:**

750

**NEW QUESTION: 84**

Which of the following is not a correct definition of the accounting equation?

- A. Capital = Assets - Liabilities
- B. Assets = Capital + Liabilities
- C. Liabilities = Assets - Capital
- D. Capital = Assets + Liabilities

**Answer: D (LEAVE A REPLY)**

**NEW QUESTION: 85**

Refer to the exhibit.

Gross profit margin	50%
Net profit margin	15%
Asset turnover	2 times

The following ratios have been calculated for A Limited:

The return on capital employed for A Limited is therefore

- A. 30%
- B. 7.5%
- C. 15%
- D. 25%

**Answer: A (LEAVE A REPLY)**

**NEW QUESTION: 86**

External auditors report their opinion to the members of the company after their independent examination of the financial statements.

Which THREE of the following should be included in their opinion?

- A. If the income statement gives a true and fair view
- B. If the statement of financial position gives a true and fair view
- C. If the company is successful
- D. If the financial statements have been prepared by a qualified accountant
- E. If the financial statements are free from fraud
- F. If the financial statements have been prepared in accordance with legislation

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 87**

Refer to the Exhibit.

Sales Day Book	€
A Ltd.	100.00
B Ltd.	200.00
C Ltd.	300.00
<b>Total:</b>	<b>600.00</b>

The sales day book for the last month, appeared as follows:

Option:	Debit	Credit
<b>A</b>	A. Ltd. £100	Sales £100
	B. Ltd. £200	Sales £200
	C. Ltd. £300	Sales £300
<b>B</b>	Sales £100	A. Ltd. £100
	Sales £200	B. Ltd. £200
	Sales £300	C. Ltd. £300
<b>C</b>	A. Ltd. £100	Sales £600
	B. Ltd. £200	
	C. Ltd. £300	
<b>D</b>	Sales £600	A. Ltd. £100
		B. Ltd. £200
		C. Ltd. £300

The entries which should be made in the ledger accounts are:

The answer is:

- A. Option D
- B. Option C
- C. Option B
- D. Option A

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 88**

Refer to the Exhibit.

Balance per cashbook	\$42,870
Unpresented cheques	\$2,650
Bank charges not yet entered in the cashbook	\$280
Receipts not yet credited by the bank	\$12,820
Dishonoured cheques not yet entered in the cashbook	\$630

The Financial Accountant for a company is preparing the monthly bank reconciliation and has extracted the following information:

The correct cash book balance at the month end will be:

- A. \$44,610
- B. \$29,140
- C. \$41,960
- D. \$42,870

**Answer: C (LEAVE A REPLY)**

**NEW QUESTION: 89**

Refer to the Exhibit.

	Capital	Revenue
a)	Property	Equipment
b)	Plant	Research Costs
c)	Maintenance	Motor Vehicles
d)	Repairs	Land

Transactions are often categorized between capital and revenue

Which of the following combinations are correct?

- A. D
- B. B
- C. C
- D. A

**Answer: B (LEAVE A REPLY)**

**NEW QUESTION: 90**

A business will maintain a non-current asset register to keep a record of all non-current assets held.

Which THREE of the following are examples of information contained within the register?

- A. Purchase date
- B. Maintenance cost details
- C. Insurance cost details
- D. Useful economic life
- E. Proposed date of sale
- F. Cost of asset

**Answer: A,D,F (LEAVE A REPLY)**

**NEW QUESTION: 91**

On 31 December 20X6 GHI makes a bonus issue of 50,000 shares On this date the nominal value of the shares is \$1 and the market value is \$3 GHI has a share premium account with a substantial credit balance. The share capital account is credited correctly in the nominal ledger.

Which of the following statements is TRUE?

- A. The bonus issue is valued at \$1 per share and the debit entry is to the share premium account
- B. The bonus issue is valued at \$3 per share and the debit entry is to the share premium account
- C. The bonus issue is valued at \$1 per share and the debit entry is to the cash account
- D. The bonus issue is valued at \$3 per share and the debit entry is to the cash account

**Answer: (SHOW ANSWER)**

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**NEW QUESTION: 92**

MM does not maintain complete accounting records The following information is available for the year ended

31 December 20X3.

	\$
Sales (all on credit)	75,000
Inventory at 1 January 20X3	7,000
Inventory at 31 December 20X3	8,000
Trade receivables at 1 January 20X3	5,000
Trade receivables at 31 December 20X3	9,000

The mark up on items sold by MM is 20%

What is the figure for purchases to be included in MM's statement of profit or loss for the year ended 31 December 20X3?

- A. \$61,500
- B. \$59,000
- C. \$61,000
- D. \$63,500

Answer: D ([LEAVE A REPLY](#))

**NEW QUESTION: 93**

Refer to the Exhibit.

Option:	Depreciation Charged	Profit or Loss on Disposal
A	£30000	£7000 loss
B	£37500	£500 profit
C	£30000	£3000 profit
D	£37500	£3000 profit

Your organization bought a machine for £50,000 at the beginning of year 1, which had an expected useful life of four years and an expected residual value of £10,000; the machine was depreciated on the straight-line basis.

At the beginning of year 4, the machine was sold for £13,000

The total amount of depreciation charged to the income statement over the life of the machine, and the amount of profit or loss on disposal was:

The answer is:

- A. Option A
- B. Option C
- C. Option B
- D. Option D

Answer: ([SHOW ANSWER](#))

**NEW QUESTION: 94**

Which THREE of the following are characteristics of financial accounting?

- A. Meets external reporting requirements
- B. Monitors actual results to expected results
- C. Is forward looking
- D. Records daily transactions
- E. Reports historic transactions

F. Meets management reporting needs

**Answer: A,D,E ([LEAVE A REPLY](#))**

**NEW QUESTION: 95**

Which of the following explains the concept of capital maintenance?

- A. the cost of maintaining an entity's non-current assets in good working condition
- B. retaining sufficient profits to ensure that closing net assets are at least equal in value to net assets at the beginning of the period
- C. the cost of replacing an entity's non-current assets
- D. the raising of new capital by the issue of shares

**Answer: B ([LEAVE A REPLY](#))**

**NEW QUESTION: 96**

At the beginning of the year, an organization's non-current asset register showed a total net book value for fixed assets of £86,000. The nominal ledger showed non-current assets at cost of £120,000 and provision for depreciation of £39,000.

The disposal of a non-current asset for £10,000, at a profit of £2,000, had not been accounted for in the non-current asset register.

After correcting for this, the net book value shown in the ledger accounts would be

- A. £7,000 higher than that in the non-current asset register
- B. £5,000 higher than that in the non-current asset register
- C. £13,000 lower than that in the non-current asset register
- D. £3,000 higher than that in the non-current asset register

**Answer: D ([LEAVE A REPLY](#))**

**NEW QUESTION: 97**

In times of rising prices, the historical cost convention results in:

- A. Assets and profits being understated
- B. Assets being understated and profits being overstated
- C. Assets being overstated and profits being understated
- D. Assets and profits being overstated

**Answer: B ([LEAVE A REPLY](#))**

**NEW QUESTION: 98**

Which ONE of the following is a possible explanation for a debit balance on the purchase ledger account of a supplier?

- (i) An invoice has been posted twice
- (ii) A credit note has been posted twice
- (iii) A payment has been recorded against the wrong supplier account
- (iv) A payment has been posted twice

(v) A contra was posted to the supplier account but not the customer account (vi) Goods returned had been posted to the wrong supplier account

- A. (i) and (ii) only
- B. (iii), (iv) and (vi) only
- C. (iii) and (iv) only
- D. (ii), (iii) and (iv) only
- E. (i), (ii) and (iv) only
- F. (i), (ii) and (v) only

**Answer: D (LEAVE A REPLY)**

### NEW QUESTION: 99

Refer to the exhibit.

	<i>Authorised shares</i>	<i>Issued shares</i>
<i>\$0.50 ordinary shares</i>	\$2,000,000	\$1,500,000
<i>5% \$1 preference shares</i>	\$1,000,000	\$500,000

The following information is available for a company:

The company has declared an ordinary dividend of \$0.05 per share.

What is the total dividend payment to be made by the company?

- A. \$100,000
- B. \$250,000
- C. \$150,000
- D. \$175,000

**Answer: (SHOW ANSWER)**

### NEW QUESTION: 100

A company had a gross profit margin of 40%. Sales for the period were \$280,000 and opening and closing inventories were \$18,000 and \$16,000 respectively.

Purchases for the period were therefore

- A. \$110,000
- B. \$166,000
- C. \$114,000
- D. \$170,000

**Answer: (SHOW ANSWER)**

### NEW QUESTION: 101

A business had a balance at the bank of \$1500 at the start of the month.

During the following month, it paid for materials of \$1000, less trade discount of 20% and cash discount of 10%. It received a cheque from a trade receivable in respect of an invoice for \$200, subject to cash discount of 5%.

The balance at the bank at the end of the month was

Give your answer to 2 decimal places.

**Answer:**

\$969.90

**NEW QUESTION: 102**

Refer to the Exhibit.

Data:	£
Purchases of raw materials	76000
Returns inwards	6000
Increase in inventory of raw materials	1800
Direct wages	31000
Carriage inwards	2500
Production overheads	16000
Decrease in work-in-progress	8000

The following information is given at a manufacturer's year end:

Using some or all of the above figures, the correct figure for factory cost of goods completed is:

- A. £135,300
- B. £115,700
- C. £131,700
- D. £125,700

**Answer: C ([LEAVE A REPLY](#))**

**NEW QUESTION: 103**

Which one of the following is unlikely to be identified by the ratio analysis of a company's financial statements?

- A. Excessive debt
- B. Significant capital commitments
- C. Effective use of assets
- D. Poor working capital management

**Answer: ([SHOW ANSWER](#))**

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