



Midterm Examination MGT401 – Financial Accounting II

Q. 01: Which of the following type of the business is governed under the Partnership Act 1932 in Pakistan?

- Sole-Proprietorship
- **Partnership**
- Limited Companies
- Unlimited Companies

Q. 02: Which of the following is/are not example of current liability?

- Sundry Debtors
- Debentures
- Loan given to Mr. A for shorter period
- **All of the given options**

Q. 03: Which of the following are the resources controlled by the entity as a result of a past event from which future economic benefits are expected to flow to the entity?

- Assets
- Gains
- Liabilities
- Expenses

Q. 04: All of the following are the assets of the firm except

- A building owned by the firm
- Goods in transit
- Money owed to the firm by its debtors
- **Money which the firm has borrowed and has not yet been repaid.**

Q. 05: Which of the following is related to the qualitative characteristics that make financial information useful?

- Reliability only
- Relevancy only
- **Both Reliability and Relevancy**
- Comparability

Q. 06: Which of the following statement is true regarding Going Concern Concept?

- The Business is profitable
- **The assets of the Business are valued at Market Value**
- The business will continue until the Directors decide to close it
- The Business will continue its working

Q. 07: Under which of the following assumptions, the Financial Statements are to be prepared?

- Future Assumptions
- Past Assumptions
- **Accrual Basis and Going Concern Basis**
- Accrual Basis Assumption only

Q. 08: Which one of the following is not a physical asset?

- Term Finance Certificates
- Loan Agreements
- Trade Receivables
- **Goodwill**

Q. 09: Which one of the following is not the example of Financial Instruments?

- Share Capital
- Loans Payable
- **Debentures**
- Inventories

Q. 10: The firm uses diminishing balance method for calculating Depreciation. The vehicle costing 20,000 was sold after two years. The sale resulted neither in loss or profit. What was the sale price of the Vehicle?

- 7,200
- 12,000
- **12,800**
- 16,000

Q. 11: Which of the following is/are not included in the disclosure requirement of Trade Debts with respect to the Companies Ordinance 1984?

- Amount due in respect of goods sold
- Amount due in respect of services rendered
- **Amount due in respect of other contractual obligation**

- Amount due which are in nature of loans or advances.

Q. 12: A firm has two categories of stock. The cost and Net Realizable Value (NRV) of each is as follows:

	Cost	NRV
Category 1	Rs. 35,000	Rs. 22,000
Category 2	Rs. 22,000	Rs. 25,000

What amount will be disclosed.

- 44,000
- **47,000**
- 57,000
- 60,000

Q. 13: Which of the following method is suitable for calculating the cost of inventory when actual costs of individual units of merchandise can be determined from the accounting records?

- FIFO Method
- LIFO Method
- Weighted Average Method
- **Specific Identification Method**

Q. 14: Which of the following authority regulates/governs the functioning of Companies?

- **Securities & Exchange Commission of Pakistan**
- Federal Government
- Ministry of Finance
- All of the Given Options

Q. 15: Which of the following is true about the meeting of Directors?

- **The quorum for a meeting of Directors of a listed company should not less than 1/3 of their members or four which is greater.**
- The quorum for a meeting of Directors of a listed company should not less than 1/3 of their members or four which is lesser.
- The quorum for a meeting of Directors of a listed company should not less than 1/2 of their members or four which is greater.
- The quorum for a meeting of Directors of a listed company should not less than 1/2 of their members or four which is lesser.

Q. 16: Which of the following is true about the Companies Limited by shares?

- Company has limited shares to offer
- Shareholders of the Company are limited
- **Liability of Shareholders is limited**
- Liability of Shareholders is unlimited

Q. 17: Proper Books of Accounts are kept by every company under which of the following section of Companies Ordinance 1984?

- **230**
- 233
- 184
- 110

Q. 18: Which of the following is not attributable to the Property Plant & Equipment?

- Costs of site preparation
- **Administration and other general overhead costs**
- Initial delivery and handling charges
- Installation and Assembly cost

Q. 19: Which of the following expenditure can not be capitalized?

- Initial Composition Cost
- Cost of adding Air conditioner to the Computer Room
- Cost of Adding extra RAM to Computer
- New tyres placed on a motor car

Q. 20: ABC (Pvt) Limited is engaged in production of an asset. The production started on July 31, 2007. The Production completed on July 31, 2008. The works manager checked the asset and required some minor modifications. These modifications were completed on August 30, 2008. The Asset was delivered to Works Manager on September 10, 2008. The production started from such asset on October 01, 2008. When should capitalization cease?

- July 31, 2007
- July 31, 2008
- **August 30, 2008**
- October 01, 2008

Q. 21: Which of the following is an identifiable non-monetary asset without physical substance?

- Tangible Asset

- **Intangible Asset**
- Floating Asset
- Circulating Asset

Q. 22: Which of the following is the application of research findings or other knowledge to a plan design for the production of new or substantially improved material, devices products, processes, systems or services before the start of commercial production or use?

- Applied Research
- Business Research
- Development
- Accounting

Q. 23: Which of the following is an example of Intangible Asset?

- Preliminary Expenses
- **Copy rights**
- Investments
- Discounts on issue of shares

Q. 24: Which of the following statement is true under the Cost method for recognition of investments in associated companies?

- **Any distribution of profits by the investee company is recorded as an income**
- Any distribution of profits by the investee company is recorded as an expense
- Any distribution of profits by the investor company is recorded as an income
- Any distribution of profits by the investor company is recorded as an expense

Q. 25: Which of the following IAS is related to Financial Instruments Disclosure and Presentation?

- IAS 27
- IAS 28
- IAS 31
- **IAS 32**

Q. 26: Which of the following is related to IAS 31?

- Consolidated and Separate Financial Statements
- Interest in Joint Venture
- Financial Instruments Disclosure and Presentation
- Financial Instruments Recognition and Measurement

Q. 27: Which of the following is true with respect to the disclosure requirement of Investment in Associate?

- **Explanations when investments are less than 20% are accounted for by the equity method or when investments of more than 20% are not accounted for by the equity method.**
- Explanations when investments are less than 10% are accounted for by the equity method or when investments of more than 10% are not accounted for by the equity method.
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Q. 28: Which of the following is true with respect to the Disclosure requirement in Consolidated Financial Statements?

- **The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/2 of the voting power**
- The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/3 of the voting power
- The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/4 of the voting power
- The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/5 of the voting power

Q. 29: (Marks 3)

If:

- **Cost of investment** **Rs. 17,401,095**
- **Company's share in loss of subsidiary** **Rs. 3,129,441**

Then:

How would you disclose this matter in notes to the accounts for the year 2008?

Answer:

We will disclose this matter in notes to the accounts for the year 2008 as follows:

Investment in Subsidiary:

Cost of Investment	Rs. 17,401,095
Company's share in loss of subsidiary	Rs. 3,129,441
Net Investment	Rs. 14,271,654

Q. 30: (marks 3)

What items are included in Notes to the accounts of Stock In Trade?

Answer:

The following items may be included in Notes to the Accounts of Stock in Trade:

- The Accounting Policy adopted
- Method of Stock Valuation

- Net Realizable Value Concept method
- Cost Method

Q. 31: (Marks 5)

What do you know about the Bad Debts and Doubtful debts? What factors determine the debts are bad?

Answer:

Doubtful Debts:

Such debts which have been doubted that those debts are not recoverable are recorded in the head of Doubtful Debts.

Bad Debts:

Such debts which are not receivables conformingly, are recorded as Bad debts and are written off in the current period as an expense.

Factors that determine bad debts are:

- The debtor has been shifted to foreign forever
- The debtor has been bankrupted
- The debtor has been escaped without any intimation

Q. 32: (Marks 5)

Define Current Liabilities. What heads should be included in Current Liabilities?

Answer:

Current Liabilities:

The current liabilities are all of such liabilities which are expected to be paid within on accounting or period or within 12 months period.

Heads of Current Liabilities:

Mainly the current liabilities are classified into following categories:

- Trade Payables
- Interest Payables
- Accrued Expenses
- Short term Borrowings
- Current portion of long term liabilities
- Others (to be specified)

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MGT401 Mega Quiz File For Final Term By Innocent Prince Innocentprince47@gmail.com

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IAS 27

IAS 28

IAS 31

IAS 32

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The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/5 of the voting power

Question # 25: Which of the following option is/are TRUE with respect to the Disclosure requirement for intangible assets acquired by the way of Government grants?

Select correct option:

The fair value initially recognized

Disclosure for carrying amount

Disclosure for the amount of commitments for acquisition of intangible assets

All of the given options

Question # 26: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Select correct option:

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

Question # 27: Which one of the following methods for inventory valuation is NOT suitable for homogeneous units?

Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Question # 28: Which of the following meeting is held once in the life of a company?

Select correct option:

Statutory Meeting

Annual General Meeting

Extraordinary Meeting

Board Meeting

Question # 29: Which of the following business is formed by the approval of Ministry of Interior?

Select correct option:

Money Exchange Company
Non Banking Finance Corporation
Security Services Providing Company
Corporate Brokerage House

Question # 30: The closing balance of inventory will be if: Opening inventory will Rs.1, 000, purchases will Rs.10, 000 and cost of sales will Rs.10,500.

Select correct option:

Rs. 1,000

Rs. 500

Rs. 1,500

Rs. 950

Question # 31: Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

Question # 32: On which certificate, the birth date of a company is mentioned?

Select correct option:

Certificate of Corporation

Certificate of Incorporation

Certificate of Quality

Certificate of Excellence

Question # 33: Who sign the Articles of Association (AOA) of a company?

Select correct option:

Managers of the company

Employees of the company

Sponsors of the company

All of the given options

Question # 34: Which of the following is NOT the method of stock valuation?

Select correct option:

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

Question # 35: Which one of the following is a method of stock valuation?

Select correct option:

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Question # 36: In case of calling Extraordinary General Meeting (EOGM), at least how much voting right is required by any director or share holder of a company according to Companies Ordinance 1984?

Select correct option:

5% voting rights

10% voting rights

15% voting rights

20% voting rights

Question # 37: LIFO means?

Select correct option:

Last-In-First-Out

Large Integrated Financial Organization

The Last-In-First-Out method of approximating the cost of stock

None of the given options

Question # 38: In relation to the valuation of inventory, net realizable value means:

Select correct option:

The expected selling price less disposal costs less the cost of completion

The expected selling price of the inventory

The replacement cost of the inventory

The market price of the inventory

Ref: http://en.wikipedia.org/wiki/Net_realizable_value

Question # 39: Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Select correct option:

Depreciable Amount

Fair Value (page 78)

Cost

Carrying Amount

Question # 40: When we see the capital with Production capacity or operating capability of the enterprise then it called:

Select correct option:

The financial concept of capital maintenance (page 104)

The physical concept of capital maintenance

Both physical and financial concept of capital maintenance

Neither physical nor financial concept of capital maintenance

Question # 41: Which of the following IAS deals with the Intangible Assets?

Select correct option:

IAS 38 page 162

IAS 23

IAS 01

IAS 16

Question # 42: Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Select correct option:

Research

Development

Audit

Accounting

Reference: <http://www.vuzs.net/mcqs/354-mcqs-mgt401-financial-accounting-ii/4738-mgt401-quiz-chapter-1-22-shared-and-solved-by-tahira-yasmeen.html#v=onepage&q=is%20original%20and%20planned%20investigation%20undertaken%20with%20the%20prospect%20of%20gaining%20new%20scientific%20or%20technical%20knowledge%20and%20understanding&f=false>

Question # 43: Which of the following is NOT an accounting concept?

Select correct option:

Prudence

Going concern

Depreciation

Matching

Question # 44: Which of the following is/are example(s) of research activities?

Select correct option:

Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options page 37

Question # 45: Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Select correct option:

Qualifying Asset page 31

Outstanding Asset

Tangible Asset

Intangible Asset

Question # 46: Which of the following asset is NOT an example of Tangible Fixed Assets?

Select correct option:

Patent rights

Furniture

Vehicles

Machinery

Question # 47: Which of the following is/are the physical asset(s)?

Select correct option:

- Term Finance Certificates
- Loan Agreements
- Trade Receivables

All of the given options page 84

Question # 48: Which of the following statement shows the movement of cash inflows and outflows?

- ▶ Income statement
- ▶ Balance Sheet
- ▶ Statement of Owner's equity
- ▶ **Cash Flows Statement**

Question # 49: Which of the following is an example of current liability?

- ▶ **Bank Overdraft**
- ▶ Stock
- ▶ Goodwill
- ▶ A loan repayable in two years

Question # 50: Which of the following is a component of current liabilities?

- ▶ Assets subject to finance lease
- ▶ Debentures
- ▶ **Provision for Taxation**
- ▶ Loans taken for more than five years

Question # 50: A damage claim of Rs.15 million for breach of contract has been served on the Company. The Company legal counsel is of the view that it is possible that the damages will be awarded to the plaintiff. However, the amount of damages can not be reasonable estimated. What accounting treatment would be made in this regards?

- ▶ A provision will be made for damages
- ▶ **Damages will be disclosed as contingent liabilities** not sure
- ▶ Damages will be treated as accrued income
- ▶ No treatment will be taken

Question # 52: Where shares are purchased at a price above the face value, the difference shall be charged to:

- ▶ **Share Premium Account**
- ▶ Share Discount Account
- ▶ Distributable Profit Account
- ▶ Un-distributable Profit Account

Question # 53: In case of operating lease, an asset is recorded in the books of lessee at which of the following value?

- ▶ Fair value
- ▶ Present value
- ▶ Market value
- ▶ **Not recorded at any value**

Question # 54: Which of the following IAS covers the Debentures?

- ▶ IAS 32 only
- ▶ IAS 39 only
- ▶ **Both IAS 32 and IAS 39**
- ▶ IAS 17

Question # 55: Which of the following events are indicative of conditions that arose after Balance Sheet date?

- ▶ Adjusting events after balance sheet date
- ▶ Adjusting events before balance sheet date
- ▶ **Non - adjusting events after balance sheet date**
- ▶ Non - adjusting events before balance sheet date

Question # 56: Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

- ▶ Adjusting events only
- ▶ Non-adjusting events only
- ▶ **Both Adjusting and Non-adjusting events**
- ▶ None of the given options

Question # 57: With respect to IAS 10, major purchases of assets, classification of assets as held for sale, other disposal of assets, or expropriation of major assets by Govt. are considered as which of the following?

- ▶ Adjusting Events
- ▶ **Non-Adjusting Events**
- ▶ Bogus Events
- ▶ Contingent Events

Question # 58: With respect to IAS 10, sale of inventory after the balance sheet date below its cost and also below its net realizable value (inventory was measured at net realizable value on the balance sheet date) is considered as which of the following?

- ▶ **Adjusting Event** not sure
- ▶ Non-Adjusting Event
- ▶ Bogus Event
- ▶ Contingent Event

Question # 59: Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

- ▶ **Contingent asset**
- ▶ Fixed asset

- . ▶ Current asset
- . ▶ Floating asset

Question # 60: Which of the following is/are related to the IAS-37?

- . ▶ Contingent Assets
- . ▶ Contingent Liabilities
- . ▶ **Both Contingent Assets and Contingent Liabilities**
- . ▶ Inventory

Question # 62: An equity instrument that is subordinate to all other classes of equity instruments is:

- . ▶ **Ordinary share**
- . ▶ Potential ordinary share
- . ▶ Warrants
- . ▶ Options

Question # 63: Which of the following is/are Financial Instruments that give the holder, the right to purchase ordinary shares?

- . ▶ Equity shares
- . ▶ Potential ordinary shares
- . ▶ **Warrants or Options**
- . ▶ Preference shares

Question #64: Which of the following is widely used by investors as a measure of Company performance in comparing the results of A Company over a period of time?

- . ▶ **Earning Per Share**
- . ▶ Balance Sheet
- . ▶ Cash Flow Statement
- . ▶ Notes to the accounts

Question # 66: Which of the following is included in the Equity Section of the Balance Sheet?

- . ▶ **Share capital**
- . ▶ Long term financing
- . ▶ Deferred cost
- . ▶ Liability against assets subject to finance lease

Question # 67: Which of the following is NOT considered as expense by their function with respect to IAS 01?

- . ▶ **Cost of goods sold**
- . ▶ Distribution costs
- . ▶ Administrative expenses
- . ▶ Transportation costs

Question # 69: An electricity accrual of Rs. 375 was treated as prepayment in preparing a trader's profit and loss account. As a result his profit was:

- ▶ Understated by Rs. 750
- ▶ Overstated by Rs. 750
- ▶ **Understated by Rs. 375** not sure
- ▶ Overstated by Rs. 375

Question # 70: If A Limited Company entered into a contract with Pakistan Leasing Company to acquire an asset with down payment of Rs.30, 000, semi-annual payment of Rs. 50,000 and the lease term is 2 years. The lessee guaranteed the lessor to purchase the asset at the end of lease term at Rs. 10,000 which is estimated residual value. Then what is the amount of Minimum Lease Payment with respect to the lessee?

- ▶ Rs. 130,000
- ▶ **Rs. 220,000** not sure
- ▶ Rs. 230,000
- ▶ Rs. 240,000

Question # 72: What will be the purchase source at the time of re-purchase of shares?

- ▶ **The purchase shall be in cash and out of the distributable profits.**
- ▶ The purchase shall be in cash and out of the un-distributable profits.
- ▶ The purchase shall be in credit and out of the distributable profits.
- ▶ The purchase shall be in cash and out of the Revaluation surplus profits.

Question # 73: Which of the followings item(s) must be disclosed on the face of income statement according to IAS-1?

- ▶ **Revenue**
- ▶ Results of operating activities
- ▶ All of the given options
- ▶ Finance costs

Question # 74: Which of the following is the combined account for showing both result of business, i.e., gross and net profits?

- ▶ Trading and profit and loss account
- ▶ Profit and loss appropriation account
- ▶ **Income statement**
- ▶ None of the given options

Question # 75: The goods are written off when:

- ▶ These are completely damaged
- ▶ These are stolen
- ▶ These are destroyed by fire
- ▶ **All of the given options**

Question # 76: Which of the following bases, stock should be valued according to IAS-2?

- ▶ Cost
- ▶ Higher of cost or net realizable value
- ▶ **Lower of cost or net realizable value**
- ▶ Net realizable value

Question # 77: Proper Books of Accounts are kept by every company under which of the following sections of the Companies Ordinance 1984?

▶ **Section 230**

▶ Section 233

▶ Section 184

▶ Section 110

Ref: <http://finosys.com/company/sections/Sec230.htm>

Question # 78: Which of the following item may be included in a Balance Sheet at more than its historical cost?

▶ **Good will**

▶ Land

▶ Research expenditures

▶ Work in progress

Ref: http://en.wikipedia.org/wiki/Historical_cost

Question # 79: Written down value of an asset = -----

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

Question # 80: Which of the following entities is not profit oriented entity?

Sole - proprietorship

Partnership

Companies

Foundations

Question # 81: All of the following are Fixed assets EXCEPT:

Machinery

Freehold land

Leasehold land

Marketable securities

Question # 82: A Partnership firm has a maximum ____ numbers of partners.

20

15

10

02

Question # 83: Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Stock
General Stores
Spare parts

Bank over draft

Question # 84: Which one of the following is related to IAS 32 & 39?

Property, Plant & Equipment
Inventory
Financial Statements

Financial Instruments

Question # 85: IAS-16 deals with:

Property, Plant and Equipment

Cash Flow Statement
Presentation of Financial Statements
Earning per share

Question # 86: Which of the following meeting is held once in the life of a company?

Statutory Meeting

Annual General Meeting
Extraordinary Meeting
Board Meeting

Question # 87: Which of the following is NOT a Qualifying Asset?

Power plant being in the process of manufacture
Inventories requiring a substantial period for manufacturing
Special order for a special inventory that will be manufactured in 5 months

Asset ready for use

Question # 88: Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development
Audit
Accounting

Question # 89: Which of the following IAS deals with the Intangible Assets?

IAS 38

IAS 23
IAS 01
IAS 16

Question # 90: Which of the following is/are the type(s) of stock for manufacturing concerns?

Raw Material
Work in Process
Finished Goods

All of the given options

Question # 91: Which one of the following is a method of stock valuation?

Diminishing Balance Method
Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Question # 92: All of the following are Fixed assets EXCEPT:

Machinery
Freehold land
Leasehold land

Marketable securities

Question # 93: Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?

4th schedule

5th schedule
6th schedule
2nd schedule

Question # 94: Which of the following investment are recorded using Cost Method?

Investments made for longer period

Investments made for shorter period page 43

Investments made for shorter and longer period
None of the given options

Question # 95: An enterprise would be the subsidiary of another enterprise if that investor enterprise can control the subsidiary represents:

Subsidiary Companies

Holding Companies

Public Limited Companies
Private Limited Companies

Question # 96: Which of the following is NOT the method of stock valuation?

FIFO Method
Weighted Average Method
Specific Identification Method

Straight Line Method

Question # 97: Which of the following IAS is related to the Consolidated and Separate Financial Statements?

IAS 27

IAS 28

IAS 31

IAS 32

Question # 98: Which one of the following is a method of stock valuation?

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Question # 99: Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?

Applied research

Development

Business research

Accounting

Question # 100: What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

Question # 101: Which of the following is/are example(s) of development activities?

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and

Models the design, construction and operation of a pilot plant

All of the given options

Question # 102: Which of the following is/are the method(s) for calculating the cost of inventory?

FIFO Method

Weighted Average Method

Specific Identification Method

All of the given options

Question # 103: Partnership firm has a maximum ____ numbers of partners.

20

15

10
02

Question # 104: Which of the following may consist of more than 20 persons in case of partnership?

Firms of Lawyers
Firms of Doctors
Firms of Associates

All of the given options

Question # 105: Which one of the following is related to the Allowed Alternative Treatment for an investment in jointly controlled entities?

Proportionate Consolidation Method

Equity Method

Weighted Average Method
Sum of Year Digit Method

Question # 106: IAS-16 deals with:

Property, Plant and Equipment

Cash Flow Statement
Presentation of Financial Statements
Earning per share

Question # 107: Companies are registered under:

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement
Income Tax Ordinance 1979

Question # 108: To the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

FIFO Method

LIFO Method page 48

Weighted Average Method
Specific Identification Method

Question # 109: Which of the following IAS deals with the Borrowing Costs?

IAS 23

IAS 07
IAS 01
IAS 16

Question # 110: Which one of the following is the type of stock for trading concerns?

Raw Material
Work in Process

Finished Goods

Stock in Trade

Question # 111: What is the meeting requirement for the directors of a Public Limited Company?

At least once in each quarter

At least once in each month

At least once in each year

At least once in each week

Question # 112: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 113: Which of the following is/are example(s) of development activities?

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

All of the given options

Question # 114: Which of the following IAS deals with the Intangible Assets?

IAS 38

IAS 23

IAS 01

IAS 16

Question # 115: Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

Question # 116: Which of the following is/are example(s) of research activities?

Select correct option:

Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options

Question # 117: Which one of the following type(s) of information is(are) available in 4th and 5th schedule of the Companies Ordinance 1984?

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

Question # 118: Which one of the following IAS is related to the Interest in Joint Venture?

IAS 27

IAS 28

IAS 31

IAS 32

Question # 119: Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

Question # 120: Which one of the following is(are) recorded under the Equity section of the Balance Sheet?

Share Premium

Reserves

Accumulated Profit

All of the given options

Question # 121: Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

Question # 122: Which one of the following is NOT recorded under Equity section of the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

Question # 123: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 124: Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

Question # 125: Which of the following is NOT the method of stock valuation?

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

Question # 126: Which of the following section of the Companies Ordinance 1984 deals with Revaluation of Fixed Assets?

Section 235

Section 236

Section 237

Section 238

Question # 127: Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

Question # 128: Partnership firms are registered under which of the following?

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

Question # 129: Written down value of an asset = -----

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

Question # 130: Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

Question # 131: Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

Question # 132: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

Question # 133: Which of the following IAS deals with the Associated Companies?

IAS 27

IAS 28

IAS 01

IAS 07

Question # 134: Which of the following IAS deals with the Associated Companies?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

Question # 135: Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Qualifying Asset

Outstanding Asset

Tangible Asset

Intangible Asset

Question # 136: Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

Question # 137: If Original cost is Rs. 100,000; Depreciation rate is 20% p.a. using straight line method; what will be the value of accumulated depreciation at the end of 2nd year?

Rs. 20,000

Rs. 40,000

Rs. 80,000

Rs. 60,000

Question # 138: Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

Question # 139: Which one of the following is related to the IAS 39?

Consolidated and Separate Financial Statements

Interest in Joint Venture

Financial Instruments Disclosure and Presentation

Financial Instruments Recognition and Measurement

Question # 140: Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

Question # 141: Which of the following is an example of Capital Expenditure?

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

Question # 142: Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

Question # 143: In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the -----of the old asset.

Carrying value

Fair value

Future value

Salvage Value

Question # 144: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 145: Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

Question # 146: Which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Debentures

Deferred Taxation

Obligation under Finance Lease

All of the given options

Question # 147: Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

Question # 148: The term “Significant Influence” refers to the:

Ability to participate but not to control financial and management affairs of the enterprise

Ability to participate and control financial and management affairs of the enterprise

Neither to control nor to participate in financial affairs of the enterprise

None of the given options

Question # 149: Which of the following asset is not an example of Intangible Fixed Assets?

Vehicles

Good Will

Copyrights

Trade Marks and Designs

Question # 150: Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount
Purchases return
Sales return

Question # 151: Which of the following entities is profit oriented entity?

NGOs
Trust
Societies

Sole - proprietorship

Question # 152: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Loans and Advances
Bank Balance

All of the given

Question # 153: Which of the following is INCORRECT with respect to Perpetual Inventory System?

Receipt of inventory is debited to Stock Account
Issuance of inventory is credited to Stock Account and Debited to Material Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

Question # 154: Which of the following statement is/are INCORRECT under the Cost Method for recognition of investment in associated companies?

Any distribution of profits by the investee company is recorded as an expense
Any distribution of profits by the investor company is recorded as an income
The carrying amount of the investment is increased or decreased to reorganize the investor's share of profits or losses of the investee after the date of acquisition

All of the given options

Question # 155: Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Bank Balance

Premises

Marketable Securities

Question # 156: What is the treatment of Accumulated Depreciation in accounting?

Treated as a reserve
Treated as a contra asset

Treated as a surplus

Treated as an expense

Question # 157: According to the Prudence concept, Stock should be included in Balance Sheet at:

Cost

Its net Realizable value

Lower of its total cost or its total net realizable value

Higher of its total

Question # 158: Which one of the following is NOT the component of cost?

Select correct option:

Import duties

Installation costs

Cost of site preparation

Transportation outwards

Question # 159: What is the treatment of Depreciation in accounting?

Select correct option:

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

Question # 160: Which one of the following is related to the Benchmark Treatment for an investment in jointly controlled entities?

Select correct option:

Proportionate Consolidation Method

Equity Method

LIFO Method

Specific Identification Method

Question # 161: Which of the following is/are NOT the example(s) of Financial Asset?

Select correct option:

Minority interest

Sale of goods

Purchases of goods

All of the given options

Question # 162: Which one of the following is a fixed asset?

Select correct option:

Cash in hand

Advanced payment

Closing stock

Leasehold vehicle

Question # 163: Which of the following is an example of Capital Expenditure?

Select correct option:

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

Question # 164: All of the following are Fixed assets EXCEPT:

Select correct option:

Machinery

Freehold land

Leasehold land

Marketable securities

Question # 165: Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

Question # 166: Which of the following is INCORRECT with respect to Perpetual Inventory System?

Select correct option:

Receipt of inventory is debited to Stock Account

Issuance of inventory is credited to Stock Account and Debited to Material

Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

Question # 167: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Stock

Cash Balance

Finished Goods

All of the given options

Question # 168: Which of the following is an identifiable non-monetary asset without physical substance?

Select correct option:

Tangible Asset

Intangible Asset

Floating Asset

Circulating Asset

Question # 169: Which of the following represent(s) the Cost of goods sold?

Select correct option:

Sales – Gross Profit

Opening Stock + Purchases – Closing Stock

Cost of goods Manufactured + Opening Finished Goods Inventory – Closing

Finished Goods Inventory

All of the given options

Question # 170: Which of the following is(are) example(s) of Borrowing costs?

Select correct option:

Interest on bank overdrafts

Interest on short-term borrowings

Interest on long-term borrowings

All of the given options

Question # 171: If the holding company owns more than 50% but less than 100% shares of the subsidiary company then the subsidiary type will be termed as:

Select correct option:

Partially owned subsidiary

Wholly owned subsidiary

Direct subsidiary

Indirect subsidiary

Question # 172: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor

Cost Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 173: If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

The prudence concept

The going concern concept

Question # 174: Which one of the following is TRUE with respect to “FIFO” in inventory valuation?

First-In-First-Out

First-In-Freight-Out

Freight-In-First-Out

Freight-In-Freight-Out

Question # 175: Concept of Related Parties is defined in
Companies Ordinance 1984
IAS

Both Companies Ordinance 1984 and IAS
Neither in Companies Ordinance 1984 nor in IAS

Question # 176: What is the meeting requirement for the directors of a Public Limited Company?

At least once in each quarter
At least once in each month
At least once in each year
At least once in each week

Question # 177: Companies are registered under:
Partnership Act 1932

Companies Ordinance 1984
Partnership Agreement
Income Tax Ordinance 1979

Question # 178: Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method
At cost or Under IAS 39
At amortized cost
At fair value

Question # 179: Which of the following is/are the physical asset(s)?

Term Finance Certificates
Loan Agreements
Trade Receivables
All of the given options

Question # 180: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control
Significant Influence
Direct Subsidiary
Indirect Subsidiary

Question # 181: If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept
The consistency concept
The prudence concept
The going concern concept

Question # 182: Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984
International Accounting Standards
International Financial Reporting Standards

All of the given options

Question # 183: Which one of the following is NOT recorded under of Equity section the Balance Sheet?

Share Premium
Share Capital
Accumulated Profit

Dividend Payable

Question # 184: Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost
Carrying Amount

Question # 185: Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development
Audit
Accounting

Question # 186: Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

FIFO Method
LIFO Method

Weighted Average Method

Specific Identification Method

Question # 187: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Loans and Advances
Bank Balance

All of the given options

Question # 188: Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

Question # 189: Which one of the following is the example of non-profit oriented organization?

NGO's

Trusts

Societies

All of the given options

Question # 190: Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

Question #191: In the first step of formation of A Company the availability of name is checked from SECP, that is at least two companies with same name can registered.

True

False

Question # 192: An increase in economic benefits during the accounting period in the form of increase of assets and decrease in liabilities is termed as Expenses.

True

False

Question # 193: In IAS 23 Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

True

False

Question # 194: Cash discounts are usually received on bulk purchase and are agreed at the time of negotiation of cost. The cost of inventory is recorded net of these discounts.

True

False

Question # 195: Generally there are two types of discounts; _____ **Trade _____ and _____ **Cash** _____**

Question # 196: A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called

Joint Venture

Question # 197: **share holders' equity** is the net balance of the total assets of the business less third party's liabilities.

Question # 198: **qualifying** is an asset that necessarily takes a substantial period of time to get ready for its intended use.

Question # 199: In case of a single member company _____ person(s) is (are) required to be nominated to takeover the company in case of a death of the member.

One

Two

Three

Four

Question #200: Company should be termed as a _____ of another company if other company holds more than 50% of its shares or has the power to appoint more than 50% of its directors.

Associated

Subsidiary

Joint Venture

None of the given options

Question # 201: Directors or shareholders having _____ voting power can call for Extraordinary

General Meetings (EOGM).

10%

15%

20%

25%

Question # 202: Quality control during commercial production cost Rs. 10,000/- will be charged to:

Research expenses

Development cost

Profit and Loss account

None of the given options

Question # 203: Which one of the following is an example of Conversion Cost?

Labor and factory overheads

Labor and work in process

Work in process and finished goods

Factory overhead and work in progress

Question # 204: Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a long term nature

All of the given options

Question # 205: Movement of capital issued and reserves are presented through which of the following statement?

Cash flow statement

Statement of changes in equity

Income statement

Balance sheet

Question # 206: A maximum limit of the amount of the capital that a company can issue is mentioned in the Memorandum of Association and Article of Association of the company is called:

Authorized capital

Issued capital

Subscribed capital

Paid up capital

Question # 207: Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

Question # 208: Cash discounts are received on early payment of the outstanding amount. These discounts are conditional and are not reduced from the value of the inventory.

True

False

Question # 209: In the rare cases of conflict between an IAS and the Framework, the Framework will prevail.

True

False

Question # 210: Current assets will also include marketable securities if they are expected to be realized within twelve months of the Balance Sheet date.

True

False

Question # 211: Significant influence is the ability to participate and to control the financial and management affairs of the enterprise.

True

False

Question # 212: International Accounting Standards (IAS) are issued by International Accounting Standard Board (IASB).

True

False

Question # 213: Contingent assets are:

Recognized as asset in the balance sheet

Disclosed in the financial statements

None of the given options

Any of the given options depending upon certain condition

Question # 214: A reduction of share capital can be effected through an ordinary resolution.

True

False

Question # 215: According to IAS 2 Inventories are assets that are not held for sale in the ordinary course of business.

True

False

Question # 216: Which assets are specifically excluded from Financial Assets?

Investments

Prepaid Expenses

Physical Assets

Both (b) and (c)

Question # 217: A supplier sends you a statement showing a balance outstanding of Rs. 14,350.

Your own records show a balance outstanding of Rs. 14,500/-

The supplier sent an invoice for Rs. 150 which you have not yet received.

The supplier has allowed you Rs. 150 cash discount which you had omitted to enter in your ledgers

You have paid the supplier Rs. 150 which he has not yet accounted for

You have returned goods worth Rs. 150 which the supplier has not yet accounted for

Question # 218: Contingent liabilities are:

Possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier

Both (a) and (b)

None of the given options

Question # 219: Accounting policy once selected can never be changed.

True

False

Question # 220: Minimum Lease Payments are:

The lease rentals payable by the lessee to the lesser

The contingent rent payable by lessee

All the payments that the lessee can be required to pay to the lesser

None of the given options

Question # 221: IAS 23, "Borrowing Cost" requires capitalization of borrowing cost as a benchmark treatment.

False

True

Question # 222: Liquidity is:

Excess of income over expenditure

Income generating capability of the business

Ability of a business to pay its debts in time

Excess of expenditure over income

Question # 223: A revaluation loss is charged to profit and loss account in the period in which the revaluation is carried out.

True

False

Question # 224: In case of tangible non-current assets, if a policy of revaluation is adopted for the first time, then this is treated as:

No change in Accounting Policy under IAS 8

A change in Accounting Policy

A revaluation under IAS 16 Property, Plant and Equipment

None of the given options

Question # 225: Right shares are issued when accumulated profit is being capitalized by the issuance of shares.

1. True

2. False

Question # 226: _____ **Net Realized Value** _____ is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Question # 227: Liquidity is defined as:

1. Excess of income over expenditures
2. Income generating capability of the business
- 3. Ability of a business to pay its debts in time**
4. Excess of expenditures over income

Question # 228: If an entity declares dividends to the holders of equity instruments after the balance sheet date, the entity shall not recognize those dividends as a :

1. Equity
2. Deferred Liability
- 3. Liability**
4. Asset

Ref:

http://docs.google.com/viewer?a=v&q=cache:XMUI3epcawQJ:app1.hkicpa.org.hk/ebook/HKSA_Members_Handbook_Master/volumell/hkas10.pdf+&hl=en&pid=bl&srcid=ADGEESivnfEpdWZ6thyO4V4jSJWzF4Spcl2cOREL6fTfVxGfKACoLRoWJpAmZgmjtxrZOkW6Ca6Cq9p_FxDu1OcVt0BgDtFUys6YKTV3pgug3xOqqiJXEgOxdfmx5DRXrsUy-XIDWeD&sig=AHIEtbRW-7EEkfm6qngBAftJgYMwQlfBtg

Question # 229: The information as to profitability is provided by the balance sheet of the entity.

1. True
- 2. False**

Question # 230: Under IAS 33 _____ **Earning Per Share** _____ is widely used by investors as a measure of a company's performance.

Question # 231: Which of the following asset is specifically excluded from Financial Assets?

1. Investments
2. Prepaid Expenses
3. Physical Assets
- 4. Both Prepaid Expenses & Physical Assets**

Question # 232: Lease accounting is regulated by ____ which was introduced because of abuses in the use of lease accounting by companies.

- 1. IAS 17**
2. IAS 12
3. IAS 39
4. IAS 32

Question # 233: A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control, is called Subsidiary Companies.

1. True

2. False

Question # 234: Which of the following is a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits?

Asset

Income

Expense

Liability

Question # 235: Which of the following types of business enjoys greater freedom and flexibility in making business decisions according to the economic conditions?

Private Limited Company

Sole-proprietorship

Partnership

Public Limited Company

Question # 236: Proper Books of Accounts are kept by every company under which of the following sections of the Companies Ordinance 1984?

Section 230

Section 233

Section 184

Section 110

Question # 237: Which of the following information must be disclosed in case of loan and advances to subsidiary companies?

The name of each borrower

Amount of loans and advances

The terms of loan and the particulars of collateral security held

All of the given options

Question # 238: Which one of the following is an example of Financial Asset?

Inventories

Patent rights

Goodwill

Accounts receivable

Question # 239: Mr. Jason invested Rs. 100,000 in bank as bonds for nine months. At the end of the year, this invested amount will be shown in Balance Sheet under the head of:

Fixed Assets

Current Asset

Current Liabilities

Long Term Liabilities

Question # 240: Which of the following represents the Financial Information presented in the financial statements relating to the assets and incomes should not be overstated.

Consistency

Profit

Materiality

Prudence

Question # 241: Which of the following statement shows the movement of cash inflows and outflows?

Income Statement

Balance Sheet

Statement of Owner's equity

Cash Flows Statement

Question # 242: Which of the following is an example of current liability?

Bank Overdraft

Stock

Goodwill

A loan repayable in two years

Question # 243: Which of the following is a component of current liabilities?

Assets subject to finance lease

Debentures

Provision for Taxation

Loans taken for more than five years

Question # 244: A damage claim of Rs.15 million for breach of contract has been served on the Company. The Company legal counsel is of the view that it is possible that the damages will be awarded to the plaintiff.

However, the amount of damages can not be reasonable estimated. What accounting treatment would be made in this regards?

A provision will be made for damages

Damages will be disclosed as contingent liabilities

Damages will be treated as accrued income

No treatment will be taken

Question # 245: Which of the following term represents the amount of share capital collected from the shareholders on application of shares?

Registered Capital

Subscribed Capital

Nominal Capital

Paid up capital

Question # 246: Where shares are purchased at a price above the face value, the difference shall be charged to:

Share Premium Account

Share Discount Account

Distributable Profit Account

Un-distributable Profit Account

Question # 247: In case of operating lease, an asset is recorded in the books of lessee at which of the following value?

Faire value

Present value

Market value

Not recorded at any value

Question # 248: Which of the following IAS covers the Debentures?

IAS 32 only

IAS 39 only

Both IAS 32 and IAS 39

IAS 17

Question # 249: Which of the following events are indicative of conditions that arose after Balance Sheet date?

Adjusting events after balance sheet date

Adjusting events before balance sheet date

Non - adjusting events after balance sheet date

Non - adjusting events before balance sheet date

Question # 250: Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Adjusting events only

Non-adjusting events only

Both Adjusting and Non-adjusting events

None of the given options

Question # 251: Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

Contingent asset

Fixed asset

Current asset

Floating asset

Question # 252: Which of the following is/are related to the IAS-37?

Contingent Assets

Contingent Liabilities

Both Contingent Assets and Contingent Liabilities

Inventory

Question # 253: Which of the following is the example of Certain Liabilities?

Creditors against supplies

Accruals against expenses

Provision against expected losses

Provision against expected profits

Question # 254: An equity instrument that is subordinate to all other classes of equity instruments is:

Ordinary share

Potential ordinary share

Warrants

Options

Question # 255: Which of the following is/are Financial Instruments that give the holder, the right to purchase ordinary shares?

Equity shares

Potential ordinary shares

Warrants or Options (IAS 33)

Preference shares

Question #256: Which of the following is widely used by investors as a measure of Company performance in comparing the results of A Company over a period of time?

Earning Per Share

Balance Sheet

Cash Flow Statement

Notes to the accounts

Question # 257: Which of the following represents the Equity?

Share capital + accumulated profit + General Reserves

Share capital + Accumulated profit - General reserves

Share capital - Accumulated profit - General reserves

Accumulated profit - General reserves

Question # 258: Which of the following is included in the Equity Section of the Balance Sheet?

Share capital

Long term financing

Deferred cost

Liability against assets subject to finance lease

Question # 259: Which of the following is NOT considered as expense by their function with respect to IAS 01?

Cost of goods sold

Distribution costs

Administrative expenses

Transportation costs

Question # 260: Which of the following is TRUE?

Gross profit - Operating expenses = Operating profit

Cost of sales + Operating expenses = Operating profit

Cost of sales - Operating expenses = Net profit

Cost of sales - Operating expenses = Gross profit

Question # 261: An electricity accrual of Rs. 375 was treated as prepayment in preparing a trader's profit and loss account. As a result his profit was:

Understated by Rs. 750

Overstated by Rs. 750

Understated by Rs. 375

Overstated by Rs. 375

Question # 262: Which of the following is the correct formula to find the Present Value? Where

FV = Future Value, r = Interest rate and n = Time period

$FV (1 + r)^{-n}$

$FV (1 + r)^n$

$FV (1 - r)^{-n}$

$FV (1 \times r)^{-n}$

Question # 263: If you plan to save Rs. 5,000 with a bank at an interest rate of 8%, what will be the worth of your amount after 4 years if bank offers simple interest?

Rs. 5,400

Rs. 5,900

Rs. 6,600

Rs. 6,802

Question # 264: What will be the purchase source at the time of re-purchase of shares?

The purchase shall be in cash and out of the distributable profits.

The purchase shall be in cash and out of the un-distributable profits.

The purchase shall be in credit and out of the distributable profits.

The purchase shall be in cash and out of the Revaluation surplus profits.

Question # 265: Which of the followings item(s) must be disclosed on the face of income statement according to IAS-1?

Revenue

Results of operating activities

All of the given options

Finance costs

Question # 266: Which of the following is the combined account for showing both result of business, i.e., gross and net profits?

Trading and profit and loss account

Profit and loss appropriation account

Income statement

None of the given options

Question # 267: The goods are written off when:

These are completely damaged

These are stolen

These are destroyed by fire

All of the given options

Question # 268: Which of the following bases, stock should be valued according to IAS-2?

Cost

Higher of cost or net realizable value

Lower of cost or net realizable value

Net realizable value

Question # 269: Which of the following business is formed by the approval of Stock Exchange?

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Brockage House

Question # 270: Which of the following fixed asset is shown at cost rather at book value?

Machinery

Furniture

Vehicles

Land

Question # 271: Which of the following is NOT related to the qualitative characteristics that make financial information useful?

Reliability only

Relevancy only

Both Reliability and Relevancy

Understandability

Question # 272: Which one of the following is the concept of the capital maintenance?

Financial capital maintenance

Physical capital maintenance

Both Physical and Financial capital maintenance

None of the given options

Question # 273: If the closing balance is lower than the difference of the opening balance and depreciation for the Year, it shows:

An addition of fixed assets has been taken place

A disposal of fixed assets

Fixed assets are installed under finance lease

None of the given options

Question # 274: Which of the following item may be included in a Balance Sheet at more than its historical cost?

Good will

Land

Research expenditures

Work in progress

Question # 275: The valuation of stock at lower of its cost or net realizable value is an application of:

The consistency concept

The going concern concept

The prudence concept

The accrual concept

Question # 276: Contribution to Research foundation amounting to Rs. 100,000/- Whether it is:

Development cost

Development cost & capitalized

Research expenses

None of the given options

Question # 277: Which of the following are the examples of research activities?

Activities aimed at obtaining new knowledge

Search, evaluation, final selection and application of research findings

Search for alternatives

All of the given options

Question # 278: There are _____ methods for recognition of investment in associated companies:

One

Two

Three
Four

Question # 279: _____ is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Net realizable value

Carrying value

Market value

All of the given options

Question # 280: Cost of inventories will consist, which of the following costs:

Purchase

Costs of Conversion

Other costs incurred in bringing the inventories to their location and condition

All of the given options

Question # 281: Cost of the inventory is calculated with which of the following method:

First in First Out (FIFO) & Last in First Out (LIFO)

Specific identification of cost

Weighted Average

All of the given options

Question # 282: The table shows information relating to end of year stock According to IAS 2, what is the value of stock at the balance sheet date?

Rs. 90,000/-

Rs. 80,000/-

Rs. 100,000/-

Rs. 70,000/-

Question # 283: Conversion cost includes:

Labor and factory overheads

Labor and work in process

Work in process and finished goods

Factory overhead and work in progress

Question # 284: The cost of inventories of a service provider consists of which of the following:

Labor

Other costs of personnel directly engaged in providing the service

Labor and other costs relating to sales

All of the given options

Question # 285: Which of the following is the disadvantage of modified schedules and alternative workplace?

- Freedom in professional and personal life

- Adds more Job satisfaction
- **Complicated coordination**
- Suitable for self starter who require little direct supervision

Question # 286: Revenue expenditure is likely to benefit:

- Future period
- Current + future period
- **Current period**
- Past period

Question # 287: Net investment in the lease is:

- Residual value
- MLP + URV
- **P.V of G.I**
- None

Question # 288: Which item may be included in Balance Sheet at more than historical cost?

- **Land and Building**
- Work in progress
- Goodwill
- Research expenditure

Question # 289: What is material?

- Item that could influence economic decision of users
- It depends on size and nature of them
- **Both economic decision of users & size and nature of them**
- None of the given options

Question # 290: As a result of a product break through, it has been determined that manufacturing equipment previously depreciated over 15 years should be depreciated over 20 years whether it is:

- Changes in accounting policy
- Prior period error
- **Changes in accounting estimate**
- None of the given options

Question # 291: Example of change in accounting estimates is the followings:

- Bad Debts
- Inventory obsolescence
- Warranty obligations
- **All of the given options**

Question # 292: Imran & Co made a profit for the year of Rs. 56,250 after accounting for depreciation Rs. 3,750. During the year, fixed assets were purchased for 24,000 debtors increased by Rs. 3,000, stock decreased by Rs. 5,400 and creditors increased by Rs. 1,050. The increase in cash and bank during the year was:

• **Rs. 39,450**

- Rs. 15,950
- Rs. 14,650
- Rs. 17,150

Question # 293: Khan & Co. reported a profit of Rs. 30,000 for the year, after charging the following:

Depreciation Rs. 5,000

Loss on sale of assts Rs. 2,000

During the year there was a decrease in working capital of Rs. 1,000. What was the net cash flow generated from operations?

- Rs. 12,000

• **Rs. 38,000**

- Rs. 20,000
- Rs. 25,000

Question # 294: Which of the following is not a cash flow in a cash flow statement?

- A right issue

• **A depreciation charge**

- Proceeds on the sale of a fixed asset
- Corporation tax paid

Question # 295: A cash flow statement provides information that enables user to evaluate:

- Changes in net assets
- Financial structure
- Amounts and timing of cash flows

• **All of the given options**

Question # 296: The accounting entity or separate entity concept means.

- That each branch of the business should be treated as a separate accounting entity.

- That each line of business should be treated as a separate accounting entity.

• **That business should be treated as an entity separate from its owners.**

- None of the above

Ans: That business should be treated as an entity separate from its owners.

This concept implies that the activities of a business are to be treated as separate from the non-business activities of its owners.

The items recorded in the books of business are therefore restricted to the transactions of the business. The only time that the personal resources of the

owners will affect the books of business when introduce new capital into the business or take out profits from it.

Question # 297: You are running a small business. You have obtained a personal loan from the bank that you intend to use for renovation of your own house.

The loan would be classified as:

- Long term liability of the business
- Short term liability of the business
- Any one of the above depending upon the term of the loan

• **None of the above**

Ans: None of the above.

Following the separate entity concept only those transactions will be recorded in the books of the business that relate to the business. A personal loan of the owner will not be recorded in the books of the business at all.

Question # 298: Assets and liabilities are classified into current and non-current on the basis of:

• **Their expected life or repayment term.**

- The amount spent or payable i.e. on the basis of materiality.
- Judgment of the individual
- All of the above

Ans. Their expected life or repayment term.

In case of assets the major classification of the assets includes Non-current assets and Current Assets, whereas in case of liabilities the major classifications are:

- Equity,
- Non-Current Liabilities
- and Current Liabilities

All these classifications are based on the expected life of the asset or the repayment term, there value of the judgment of the individual do not affect their classification

Question # 299: Which of the following statements best defines the term “Useful life of an asset”?

- It is the time period after which the asset becomes useless.
- It is the time period after which the organization sells the asset.
- **It is the time period after which maintaining the asset is not viable economically.**
- None of the above

Ans: It is the time period after which maintaining the asset is not viable economically.

Useful life of an asset is defined as the number of years over which an enterprise expects to use an asset. OR The number of production or similar units expected to be obtained from an asset. This means that the enterprise would like to use the asset as long as it is economically feasible for the enterpriser to operate the

asset. Economic feasibility means that the asset is giving more output than the cost incurred to operate it.

Question # 300: What is depreciation?

- Market value of an asset reduces with the passage of time. This reduction is called depreciation.

- **Systematic allocation of depreciable amount of an asset over its useful life**

- It is the cost of maintaining an asset.

- All of the above

Ans: Systematic allocation of depreciable amount of an asset over its useful life.

Depreciation is a charge for using the asset or spreading its cost of purchase over the life of the asset and is calculated by distributing the cost of the asset over its useful life.

Question # 301: The consideration that would have to be paid if same or an equivalent asset is acquired. Such kind of consideration is called:

- **Current cost**

- Periodic cost

- Fixed Cost

- Semi-annual cost

Question # 302: _____ is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

- **Settlement value**

- Realizable value

- Residual value

- None of the given options

Question # 303: Which of the following is a tool of measuring financial position of an entity?

- **Balance sheet**

- Income statement

- Cash flow statement

- All of above

Question # 304: _____ are included in the cost on inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

- **Other costs**

- Installation cost

- Transportation cost

- Carrying cost

Question # 305: In perpetual Inventory systems inventory is recorded as:

Receipt of inventory is debited to purchases account.

No recording is made for individual issue in the General Ledger.

Receipt of inventory is credited to Stock Account.

Issues are Credited to Stock Account and Debited to Material Consumption Account.

Question # 306: Which of the following is not a component of financial statement?

- Balance sheet and Income statement
- Statement of changes in equity
- Cash flow statement
- **None of the above**

Question # 307: Cash discounts are received on early payment of the outstanding amount.

These discounts are:

- Non conditional and reduce from the value of the inventory.
- Conditional and reduce from the value of the inventory.
- Non conditional and are not reduced from the value of the inventory.
- **Conditional and are not reduced from the value of the inventory.**

Question # 308: Stores and spares are valued at:

- Cost value
- Market value
- **Cost or market whichever is less**
- Cost or market whichever is greater

Question # 309: Stores and spares include items which may result in _____ but are not distinguishable.

- Revenue expenditure
- **Fixed capital expenditure**
- Both capital and revenue expenditure
- None of the above

Question # 310: The cost of inventories may not be recoverable if:

- Those inventories are damaged
- They have become wholly or partially obsolete
- Their selling price has declined
- **All of above**

Question # 311: IAS 1 suggests certain order for notes to the financial statements. This will assist users when comparing the statements of different entities. By applying above statement, which of the following does not include in IAS

Statement of compliance with IAS's

Statement of the measurement basis and accounting policies applied

Other disclosures

None of the given options

Question # 312: Revenue shall be measured at _____ of the consideration received or receivable.

• Fair value

- Cost value
- Discount value
- None of the given options

Question # 313: Depreciation, maintenance, rent, utilities and management costs of administrative offices are charged to:

• Administrative cost

- Distribution Costs
- Finance Costs
- Cost of Goods Sold

Question # 314: Under IAS 28 investment in associates is recorded using which of the following method?

Equity method

Cost & Equity method

Cost method

None of the given options

Question # 315: IAS 36 "Impairment of Assets" defines that recognition of gains / losses is always due to _____ of the assets:

• Change in Fair value

- Addition of assets
- Deletion of assets
- Depreciation

Question # 316: Distribution costs are expenses that are directly related to:

• Selling the products of the entity

- Mark up paid on loans and leases
- Administration and management of the business
- All of the given options

Question # 317: An entity shall present a statement of changes in equity, showing which of the following on the face of the statement:

- Profit or loss for the period
- Total income and expense for the period
- Total amounts attributable to equity holders of the parent and to minority interest

• All of the given options

Question # 318: Other operating income includes which of the following:

- Income from financial assets
- Income from investments in debts, loans, advances and receivables to each related party
- Income from assets other than financial assets

• All of the given options

Question # 319: Under which of the following circumstances provision might not be recognized?

- The board agreed a detailed closure plan on 20 December 20X9 and details were given to customers and employees.
- A Company is obliged to incur clean up costs for environmental damage (That has already been caused)

• A Company intends to carry out future expenditure to operate in a particular way in the future.

- None of the given options

Question # 320: Cost of goods sold includes which of the following:

- Sales and distribution costs
- Depreciation, maintenance, rent and utilities
- Direct labor cost
- Advertisement costs

Question # 321: Management shall use its judgment in developing and applying an accounting policy that results in information that is:

- a) Relevant to the economic decision making needs of the user
- b) Reliable, in that the financial statements & Neutral
- c) Complete in all material respects & Prudent

d) All of the given options

Question # 322: Accounting policies should be applied consistently for ____ transactions.

a) Similar

- b) Divergent
- c) Contradictory
- d) Conflicting

Question # 323: Cash Flow Statement means:

- a) A statement shows the movement in cash resources of the business
- b) The statement shows the sources from which business generated cash and its application.
- c) A statement analyses operating, investing and financing activities of the business

d) All of the given options

Question # 324: Ahmed & Co. issued shares how would a bonus issue of shares affect a cash flow statement:

- a) It would reduce cash flow from operations
- b) It would have no effect on cash flow**
- c) It would increase cash flow from investing activities
- d) It would increase cash flow from financing activities

Question # 325: Cash flow from operating activities are generally derived from the principal of _____ of the business:

- a) Revenue producing activities**
- b) Capital producing activities
- c) Cash receipts & payment activities
- d) Cash receipts & payment from owner activities

Question # 326: At the time of inception of lease, in cash flow statement, Asset and

Liability is recorded in Balance Sheet. However in case of cash flows:

- a) Only payment of Lease Rentals is shown as outflow**
- b) Both payment of finance lease & Lease Rentals is shown as outflow
- c) Only payment of Lease Rentals is shown as inflow
- d) Only payment of finance charge is shown as outflow

Question # 327: Which of the following statement would be considered as out flow, in the outflow statement?

- a) The difference between the old and new valuations in the case of the revaluation of fixed assets
- b) Proceeds as a result of selling fixed assets
- c) The depreciation charge for the current year
- d) The repayment of a bank loan**

Question # 328: Imran & Co. changed LIFO method to FIFO method to value for its finished goods inventory. Whether it is:

- a) Change in accounting estimates
- b) Prior period errors
- c) Change in accounting policy**
- d) None of the given options

Question # 329: Which of the following is an example of change in accounting estimates:

- a) Bad debts
- b) Inventory obsolescence
- c) Warranty obligations
- d) All of the above**

Question # 330: A prior period shall be corrected by:

a) Retrospective restatement

- b) Prospective application
- c) Shall not be corrected
- d) None of the above

Question # 331: Reporting Inventory at the lower of cost or market value is a departure from the accounting principle of:

- a) Full disclosure
- b) Historical cost**
- c) Consistency
- d) Conservatism

Question # 332: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

- Significant Influence
- Direct Subsidiary
- Indirect Subsidiary

Question # 333: If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

- The prudence concept
- The going concern concept

Question # 334: Preparation and presentation of Financial Statements are governed by:

- Companies Ordinance 1984
- International Accounting Standards
- International Financial Reporting Standards

All of the given options

Question # 335: Which one of the following is NOT recorded under of Equity section the Balance Sheet?

- Share Premium
- Share Capital
- Accumulated Profit

Dividend Payable

Question # 336: Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost

Carrying Amount

Question # 337: Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

Question # 338: Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Question # 339: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Loans and Advances

Bank Balance

All of the given options

Question # 340: Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

Question # 341: Fair presentation means:

Application of Companies Ordinance, 1984

Income Tax Ordinance, 2001

IAS with additional disclosure

None of the given options

Question # 342: Rendering of services, revenue associated with the transaction can be estimated reliably when, which of the following conditions are satisfied:

The amount of revenue cannot be measured reliably

It is doubtful that economic benefits associated with the transaction will flow to the entity

The stage of completion of the transaction at the balance sheet date can be measured reliably

The cost incurred for the transaction and the cost to complete the transaction cannot be measured reliably

Question # 343: The stock sheet for the previous year was incorrectly undercasted by Rs. 200,000, whether it is:

Changes in accounting policy
Change in accounting estimate

Prior period error

None of the given options

Question # 344: Inventories are carried in the books of accounts according to the methods of valuation given in:

IAS 28

IAS 2

IAS 4

IAS 29

Question # 345: A public company is required to file a _____ with SECP before allotment of shares.

Prospectus

Statement in lieu of prospectus

Articles of Association

None of the given options

Question # 346: According to the International Accounting Standards any decrease in the value of goodwill is made with the help of:

Amortization

Impairment

Depreciation

None of the given options

Question # 347: Contingent assets are:

Recognized as asset in the balance sheet

Any of the given options depending upon certain condition

Disclosed in the financial statements

None of the given options

Question # 348: Which assets are specifically excluded from Financial Assets?

Investments

Prepaid Expenses

Physical Assets

Both (b) and (c)

Question # 349: A supplier sends you a statement showing a balance outstanding of Rs. 14,350.

Your own records show a balance outstanding of Rs. 14,500/-

The supplier sent an invoice for Rs. 150 which you have not yet received.

The supplier has allowed you Rs. 150 cash discount which you had omitted to enter in your ledgers

You have paid the supplier Rs. 150 which he has not yet accounted for
You have returned goods worth Rs. 150 which the supplier has not yet accounted for

Question # 350: Contingent liabilities are:

Possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier

Both (a) and (b)

None of the given options

Question # 351: Minimum Lease Payments are:

The lease rentals payable by the lessee to the lesser

The contingent rent payable by lessee

All the payments that the lessee can be required to pay to the lesser

None of the given options

Question # 352: Discount allowed on issue of shares is:

Shown as reduction in share capital

Written off as expense

Charged to share premium account

Both (a) and (b)

Both (b) and (c)

Question # 353: The historical cost convention:

Fails to take account of changing price levels over time

Records only past transactions

Values all assets at their cost to the business, without any adjustment for depreciation

Has been replaced in accounting records by a system of current cost accounting

Question # 354: Liquidity is:

Excess of income over expenditure

Income generating capability of the business

Ability of a business to pay its debts in time

Excess of expenditure over income

Question # 355: The issue of the shares at discount must be authorized by resolution passed in _____ of the company and must be sanctioned by the Commission.

1. General Meeting

2. Extra Ordinary Meeting
3. Statutory Meeting
4. None of the given options

Question # 356: Property, plant and equipment are carried in the books of accounts in accordance with the requirements of :

1. IAS 2
2. IAS 4
- 3. IAS 16**
4. IAS 28

Question # 357: If the closing balance is lower than the difference of the opening balance and depreciation for the Year, it shows:

- 1. An addition of fixed assets has been taken place**
2. A disposal of fixed assets
3. Fixed assets are installed under finance lease
4. None of the given options

Question # 358: In case of tangible non-current assets, if a policy of revaluation is adopted for the first time, then this is treated as:

1. No change in Accounting Policy under IAS 8
2. A change in Accounting Policy
- 3. A revaluation under IAS 16 Property, Plant and Equipment**
4. None of the given options

Question # 359: Liquidity is defined as:

1. Excess of income over expenditures
2. Income generating capability of the business
- 3. Ability of a business to pay its debts in time**
4. Excess of expenditures over income

Question # 360: If an entity declares dividends to the holders of equity instruments after the balance sheet date, the entity shall not recognize those dividends as a :

1. Equity
2. Deferred Liability
- 3. Liability**
4. Asset

Question # 361: Which of the following asset is specifically excluded from Financial Assets?

1. Investments
2. Prepaid Expenses
3. Physical Assets
- 4. Both Prepaid Expenses & Physical Assets**

Question # 362: Lease accounting is regulated by _____ which was introduced because of abuses in the use of lease accounting by companies.

1. IAS 17

2. IAS 12

3. IAS 39

4. IAS 32

Question # 363: The issue of the shares at discount must be authorized by resolution passed in _____ of the company and must be sanctioned by the Commission.

1. General Meeting

2. Extra Ordinary Meeting

3. Statutory Meeting

4. None of the given options

Question # 364: Property, plant and equipment are carried in the books of accounts in accordance with the requirements of:

1. IAS 2

2. IAS 4

3. IAS 16

4. IAS 28

Question # 365: Issuance of shares at discount is the inverse of:

Issuance of Bonus

Issuance at Premium

Right Shares Issue

Further Issue

Question # 366: A private company is not required to issue a _____ as it is prohibited by its articles from inviting general public to subscribe for its shares.

Cash flow statement

Prospectus

Income statement

Balance sheet

Question # 367: Risks and rewards associated with the ownership related to:

Finance Lease

Operating Lease

Hire Purchase Agreement

Installments

Question # 368: Minimum lease payment (MLP) includes from lesser point of view:

Total payment

Residual value guaranteed by lessee

Party related to him or third party
All of the given options

Question # 369: In operating lease, rental expenses should be charged to:

Balance sheet

Profit and loss account

Income of lessee
None of the given options

Question # 370: Fair presentation means:

Application of Companies Ordinance, 1984
Income Tax Ordinance, 2001

IAS with additional disclosure

None of the given options

Question # 371: Rendering of services, revenue associated with the transaction can be estimated reliably when, which of the following conditions are satisfied:

The amount of revenue cannot be measured reliably
It is doubtful that economic benefits associated with the transaction will flow to the entity

The stage of completion of the transaction at the balance sheet date can be measured reliably

The cost incurred for the transaction and the cost to complete the transaction cannot be measured reliably

Question # 372: Which transaction will cause an increase in capital employed:

Receipt of payment from account receivables in cash

Increasing the provision for bad debts
Receipt of a loan
Disposal of a fixed asset for more than its book value

Question # 373: Income statement formats based on classification of:

Expenses
Incomes
Revenues

All of the given options

Question # 374: Preliminary expenses are an example of:

Revenue expenditure

Deferred revenue expenditure

Capital expenditure
None of the given options

Question # 375: The stock sheet for the previous year was incorrectly undercasted by Rs. 200,000, whether it is:

Changes in accounting policy
Change in accounting estimate

Prior period error

None of the given options

Question # 376: An example of cash flows from operating activities is:

Cash receipt from sale of goods and rendering of services

Cash payment to acquire property plant and equipment
Proceed from short term financing
Cash payment and receipt from acquisition and disposal other long term assets

Question # 377: Inventories are carried in the books of accounts according to the methods of valuation given in:

IAS 28

IAS 2

IAS 4

IAS 29

Question # 378: A public company is required to file a _____ with SECP before allotment of shares.

Prospectus

Statement in lieu of prospectus

Articles of Association

None of the given options

Question # 379: According to the International Accounting Standards any decrease in the value of goodwill is made with the help of:

Amortization

Impairment

Depreciation

None of the given options

Question # 380: Which one of the following is the example of non-profit oriented organization?

NGO's

Trusts

Societies

All of the given options

Question # 381: Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

Question # 382: The amount by which the carrying amount of an asset exceeds its recoverable amount is called as:

Impairment loss

Residual value

Depreciation

Fair value

Question # 383: Which of the following are the examples of development activities?

Design, construction and testing of pre-production models

Design of tools, jigs moulds dies, involving new technology

Design, construction and operation of pilot plant

All of the given options

Question # 384: Investments made for long term in associated companies, is recorded using _____ method of recognition and shown separately in the balance sheet as long-term

Assets

Equity

Cost

Both Cost and Equity

None of the given options

Question # 385: Costs of purchase of Inventories comprising which of the following:

Purchase price

Import duties and other taxes

Transport less trade discount, rebate and other similar amounts

All of the given options

Question # 386: under Benchmark Treatment IAS-2, does not recommend the following method of stock valuation for incorporating its value in financial statement.

FIFO method

The weighted average cost method

LIFO method

None of the given options

Question # 387: A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called

Joint Venture

Subsidiary Companies

Associated Companies

None of the given options

Question # 388: An intangible asset with indefinite useful life shall:

Be amortized using straight line method

Not to be amortized

Be amortized using reducing balance method

Either be amortized using straight line method OR be amortized using reducing balance method

Question # 389: A complete set of financial statement includes which of the followings:

A Balance sheet and Income statement

A statement of changes in financial position

Notes, other statements and explanatory material

All of the given options

Question # 390: There is no concept of capital in:

Sole proprietorship

NGO's / NPO's

Partnership

Public Limited Company

Question # 391: The surplus arising from revaluation of fixed assets of an entity is shown:

Separately in the balance sheet

As indirect income in income statement

Added in the fixed asset

None of the given options

Question # 392: A Company uses FIFO method to evaluate its stock. The information for the stock is as follows:

- Opening stock was 10 units at 2 each.

- Purchases were 30 units at Rs. 3 each, and

- Then issues of 12 units were made, followed by issues of 8 units.

Closing stock is valued at:

Rs. 50

Rs. 58

Rs. 60

Rs. 70

Question # 393: The capital maintenance concept implies that:

The capital of a business should be kept intact by not paying out dividends.

A business should invest its profits in the purchase of capital assets.

Fixed assets should be properly maintained.

Profit is earned only if the value of an organization's net assets or its Operating capability has increased during the accounting period.

Question # 394: The cost of inventories of a service provider does not consist of:

Costs of personnel directly engaged in providing the service

Supervisory personnel

Attributable overheads

Labor and other costs relating to sales

Question # 395: Statutory Meeting is required to be held within:

3 to 6 months

1 to 3 months

6 to 9 months

9 to 12 months

Question # 396: Goodwill is most appropriately classified as:

A fixed asset

An intangible asset

A fictitious liability

A semi-fixed asset

Question # 397: If a Company purchased an Asset for Rs.20, 000. The estimated useful life of asset is ten years. After five years the Book Value of the Asset will be: (using straight line method of depreciation and no residual value)

16,000

10,000

8,000

5,000

$20000 - \{(20000/10)*5\} = 10000$

Question # 398: A complete set of financial statements include:

A balance sheet

A statement of changes in financial position & Notes, other statements and explanatory material

An income statement

All of the given options

Question # 399: The main aim of accounting is to:

Maintain ledger accounts for every transaction.

Provide financial information to users of such information.

Produce a Trial balance.

Record every financial transaction individually.

Question # 400: In case of a single member company _____ person(s) is (are) required to be nominated to takeover the company in case of a death of the member.

One

Two

Three

Four

Question #401: Company should be termed as a _____ of another company if other company holds more than 50% of its shares or has the power to appoint more than 50% of its directors.

Associated

Subsidiary

Joint Venture

None of the given options

Question # 402: Directors or shareholders having _____ voting power can call for Extraordinary General Meetings (EOGM).

10%

15%

20%

25%

Question # 403: Quality control during commercial production cost Rs. 10,000/- will be charged to:

Research expenses

Development cost

Profit and Loss account

None of the given options

Question # 404: Which one of the following is an example of Conversion Cost?

Labor and factory overheads

Labor and work in process

Work in process and finished goods

Factory overhead and work in progress

Question # 405: Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a long term nature

All of the given options

Question # 406: Which one of the following is the concept of the capital maintenance?

Financial capital maintenance

Physical capital maintenance

Both Physical and Financial capital maintenance

None of the given options

Question # 407: Movement of capital issued and reserves are presented through which of the following statement?

Cash flow statement

Statement of changes in equity

Income statement

Balance sheet

Question # 408: A maximum limit of the amount of the capital that a company can issue is mentioned in the Memorandum of Association and Article of Association of the company is called:

Authorized capital

Issued capital

Subscribed capital

Paid up capital

Question # 409: Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

Question # 410: A person who acquires shares in a Company is known as a:

Director

Shareholder

Partner

Manager

Question # 411: The amount of the issued share capital of a company is:

.. Always equal to the amount of its authorized share capital

.. **Equal to the amount of its issued preference share capital**

.. Equal to the reserves of the company

.. None of the given options

Question # 412: Contingent liabilities are written in Balance Sheet as:

.. Long Term Deposits

.. Current Liabilities

.. Long Term Loans

.. **Foot Notes**

Question # 413: Which of the following is NOT an example of current liability?

.. Bank overdraft

.. **Loan given to Mr. A for shorter period**

.. Accounts Payable

.. Loan received from Mr. B for shorter period

Question # 414: Which one of the following is the present obligation of the entity as a result of past event from which future economic benefits are expected to flow to the entity?

.. **Asset**

- .. Gain
- .. Liability
- .. Expense

Question # 415: Which of the following is an increase in the future economic benefits related to an increase in an asset or a decrease of a liability that can be measured reliably?

- .. Equity
- .. **Income**
- .. Liability
- .. Expense

Question # 416: Which of the following is TRUE with respect to the Prudence concept?

- .. Financial Information presented in the financial statements relating to the assets and incomes should not be overstated and relating to liabilities and expenses should not be understated.
- .. Financial Information presented in the financial statements relating to the assets liabilities, expenses and incomes should not be overstated.
- .. Financial Information presented in the financial statements relating to the assets liabilities, expenses and incomes should not be understated.
- .. **Financial Information presented in the financial statements relating to the assets and incomes should not be understated and relating to liabilities and expenses should not be overstated.**

Question # 417: The accruals concept:

- .. Applies to revenue and expenses only
- .. Applies to assets and liabilities only
- .. **Applies to revenue, expenses, assets and liabilities**
- .. Is not a fundamental accounting concept

Question # 418: Which of the following is TRUE with respect to the disclosure requirements of Trade Debts?

- .. **Provision for doubtful debts is deducted from the doubtful debts**
- .. Doubtful debts is deducted from the Provision for doubtful debts
- .. Doubtful debts and its Provision is shown separately as asset
- .. Provision for doubtful debts is not taken into consideration

Question # 419: Trade debts secured are to be shown in the balance sheet under the head of:

- .. Non Current Assets
- .. Current Liabilities
- .. **Current Assets**
- .. Capital

Question # 420: Which of the following is NOT the type of Market Risk?

- .. Price Risk
- .. **Liquidity Risk**
- .. Interest Rate Risk
- .. Currency Risk

Question # 421: Which one of the following is NOT an example of Financial Instruments?

- .. **Inventories**
- .. Loans payable
- .. Share capital
- .. Debentures

Question # 422: Which of the following IAS mainly covers Financial Instruments of other long term investments?

- .. IAS 27 & 32
- .. IAS 28 & 39
- .. **IAS 32 & 39**
- .. IAS 31 & 32

Question # 423: Which one of the following is related to the IAS 27?

- .. **Consolidated and Separate Financial Statements**
- .. Interest in Joint Venture
- .. Financial Instruments Disclosure and Presentation
- .. Financial Instruments Recognition and Measurement

Question # 424: A fixed asset cost Rs. 8,000; it is sold for Rs. 4,800. At the date of its disposal, its net book value is Rs. 3,000. What is the profit or loss on disposal?

- .. Profit Rs. 3,200
- .. Loss Rs. 3,200
- .. Loss Rs. 1,800
- .. **Profit Rs. 1,800**

Question # 425: A firm depreciated its fixed assets purchased on January 01, 1993 at the rate of 25% per annum using the reducing balance method. If the total depreciation charged on these assets up to 31st December, 1995 was Rs. 23,125, their net book value at that date was:

- .. Rs. 16,875
- .. Rs. 17,500
- .. **Rs. 7,708**

.. Rs. 10,000
.. **$(23125/0.75) - 23125 = 7708$**

Question # 426: Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

- .. Stock
- .. General Stores
- .. Spare parts
- .. **Fixture**

Question # 427: Which one of the following methods for inventory valuation is most conservative method during periods of rising prices?

- .. FIFO Method
- .. Weighted Average Method
- .. Specific Identification Method
- .. **LIFO Method**

Question # 428: According to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

- .. FIFO Method
- .. **LIFO Method**
- .. Weighted Average Method
- .. Specific Identification Method

Question # 429: Which of the following information must be disclosed in case of loan and advances to subsidiary companies?

- .. The name of each borrower
- .. Amount of loans and advances
- .. The terms of loan and the particulars of collateral security held
- .. **All of the given options**

Question # 430: Which of the following is (are) related with the IAS 23?

- .. Qualifying Assets
- .. Amount to be capitalized
- .. Capitalization period
- .. **All of the given options Page 30**

Question # 431: Revaluation of asset is conducted by:

- .. Directors
- .. Shareholders
- .. Managers
- .. **Professional Qualified Value's**

Question # 432: Which one of the following subsequent expenditure can be capitalized?

- .. **Modification of an item of Plant to extend its useful life or capacity**

- .. Expenditure on repairs and maintenance of Property Plant and Equipment that is made to restore or maintain the economic benefit from it
- .. New tires placed on a motor car
- .. None of the given options

Question # 433: Which of the following asset is recorded in Balance Sheet under the heading of Current Assets?

- .. Furniture
- .. Deferred Cost
- .. Land
- .. **Prepayments**

Question # 434: If the holding company owns 100% shares of the subsidiary company then the subsidiary type will be termed as:

- .. Partially Owned Subsidiary
- .. **Wholly Owned Subsidiary**
- .. Direct Subsidiary
- .. Indirect Subsidiary

Question # 435: Which of the following IAS deals with the term Significant Influence in associate companies?

- .. IAS 07
- .. IAS 27
- .. **IAS 28**
- .. IAS 01

Question # 436: Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?

- .. Section 160
- .. **Section 158**
- .. Section 159
- .. Section 157

Question # 437: Which of the following types of business can maintain the secrecy in all business matters?

- .. **Sole-proprietorship**
- .. Partnership
- .. Public Limited Company
- .. Private Limited Company

Question # 438: Which of the following types of business has the burden of unlimited liability?

- .. Private Limited Company
- .. **Sole-proprietorship**
- .. Single Member Company
- .. Public Limited Company

Question # 439: Which of the following refers to the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all?

.. Sole – proprietorship

. **Partnership**

. Company

Trust

MGT401 Mega Quiz File By Innocent Prince Innocentprince47@gmail.com

Insurance paid in advance would be treated in the Balance sheet as:

Select correct option:

Non current asset

Current asset

Intangible asset

Deferred expense

According to the section 95A of the Companies ordinance 1984, which of the following statement is correct?

Select correct option:

Creditors are not entitled to object repurchase

Creditors are entitled to object repurchase fully

Creditors are entitled to object repurchase partially

Company is not required to maintain a capital repurchase reserve

Which of the following represents that the shares are issued at a price below the face value?

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

Which of the following is (are) related with the IAS 23?

Select correct option:

Qualifying Assets

Amount to be capitalized related to the Borrowing cost

Capitalization period related to the Borrowing cost

All of the given options

Which of the following is recorded under Long Term Liabilities section of the Balance Sheet?

Select correct option:

Debentures

Creditors

Provision for Taxation

Dividend Payable

Which of the following represents the claims of the owners against the assets of the business?

Select correct option:

Assets

Expenses

Owner's Equity

Income

Which of the following represents the total par value of shares offered to the general public for contribution?

Select correct option:

Registered Capital

Issued Capital

Subscribed Capital

Paid up Capital

Which of the following represents that total par value of shares which is taken up by the public out of total issued capital?

Select correct option:

Registered Capital

Subscribed Capital

Reserve Capital

Called up Capital

Section 95A of the Companies ordinance 1984 is applied on which of the following companies?

Select correct option:

Listed companies only

None listed companies only

Private companies only

All companies

Which of the following represents the objective of the financial statements?

Select correct option:

To provide the information about the business objectives

To provide the information about the business liabilities

To provide the information about the business assets

To provide the information about the financial position, Financial performance and Changes in financial position

Which of the following section of the Companies ordinance 1984 refers to the share issued at discount?

Select correct option:

Section 83

Section 84

Section 85

Section 86

According to the Prudence concept, Stock should be included in Balance Sheet at:

Select correct option:

Cost

Its net Realizable value

Lower of its total cost or its total net realizable value
Higher of its total cost or its total net realizable value

Which of the following IAS deals with Subsidiary Companies?

IAS 27

IAS 28

IAS 01

IAS 07

Which one the following risk will arise when financial instruments fluctuate due to changes in foreign exchange rates?

Select correct option:

Credit Risk

Cash Flow Risk

Liquidity Risk

None of the given options

Which of the following is an artificial person recognized by law?

Select correct option:

Limited company

Partnership

Sole-proprietorship

Trust

Why do businesses charge depreciation on their fixed assets?

Select correct option:

To ensure that sufficient cash is available to replace the assets

To show the realizable value of the assets in the Balance Sheet

To spread the cost of the assets over their estimated useful life

To show when the assets must be replaced

Which of the following is/are Non-Current Liabilities according to the 4th schedule clause 8(A) of the Companies Ordinance 1984?

Select correct option:

Long term financing

Debentures

Deferred liabilities

All of the given options

Which of the following is a fall in the value of an asset so that its recoverable amount is now less than its carrying value in the balance sheet?

Select correct option:

Impairment

Depreciation

Accumulated Deprecation

Carrying Value

According to the section 95A of the Companies ordinance 1984, which of the following statement is correct?

Select correct option:

Creditors are not entitled to object repurchase

Creditors are entitled to object repurchase fully

Creditors are entitled to object repurchase partially

Company is not required to maintain a capital repurchase reserve

Which of the following represents that total par value of shares which is taken up by the public out of total issued capital?

Select correct option:

Registered Capital

Subscribed Capital

Reserve Capital

Called up Capital

Which of the following represents that the shares are issued at a price below the face value?

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

Revaluation of asset is conducted by:

Select correct option:

Directors

Shareholders

Managers

Professional Qualified Valuers

Which of the following is (are) related with the IAS 23?

Select correct option:

Qualifying Assets

Amount to be capitalized related to the Borrowing cost

Capitalization period related to the Borrowing cost

All of the given options

Which of the following clause of Companies Ordinance 1984 told that the Non-current liabilities shall be classified under appropriate subheads?

Select correct option:

Clause 8(A)

Clause 8(B)

Clause 8(C)

Clause 9(B)

A legal obligation is that which is derived from:

Select correct option:

A contract

Legislation

Other operation of law

All of the given options

Which of the following IAS covers the treatment of Finance Lease?

Select correct option:

IAS 17

IAS 18

IAS 33

IAS 01

Which of the following is the direct cost of manufacturing the goods that were sold by the entity during the reporting period?

Select correct option:

Cost of Goods Sold

Revenue

Asset

Liability

Which of the following is/are included in the cost of goods sold?

Select correct option:

Cost of materials used

Direct labour cost

Factory cost

All of the given options

Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity?

Select correct option:

Contingent asset

Fixed asset

Current asset

Floating asset

Which of the following refers to any notice, circular, advertisement, or any other invitation to the public for subscription of any shares or debentures of a company?

Select correct option:

Prospectus

Statement in lieu of prospectus

Articles of association

Memorandum of association

Which of the following is old name of Cash Flow Statement?

Select correct option:

Sources and Application of Funds

Sources and Application of Liabilities

Sources and Application of Activities

Sources and Application of Income

Which of the following is considered as Non-cash item?

Select correct option:

Amortization

Accruals

Prepaid expenses

Outstanding expenses

Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Select correct option:

Adjusting events only

Non-adjusting events only

Both Adjusting and Non-adjusting events

None of the given options

All are the types of the financial statements according to IAS-1 except:

Select correct option:

Balance sheet

Statement of changes in equity

Director's report

Notes to the financial statements

An enterprise would be the subsidiary of another enterprise if that investor enterprise can control the subsidiary represents:

Select correct option:

Subsidiary Companies

Holding Companies

Public Limited Companies

Private Limited Companies

Which of the following is charged to revenue in leasing?

Select correct option:

Repair and maintenance

Material renewals

Addition or extension of assets

Premium given for lease

With respect to IAS 10, a major business takeover after the balance sheet Date or disposing of a major subsidiary is considered as which of the following?

Select correct option:

Adjusting Event

Non-Adjusting Event

Bogus Event

Contingent Event

Which is/are not the objectives of financial statements according to IASB's Framework?

Select correct option:

Provide information about the financial performance, position, and changes in financial position of an entity which is useful for wide range of users of financial statements in making economic decisions

Prepare and present income statement, balance sheet, statement of changes in equity and cash flow statement

Prepare all financial statements in accordance with applicable Accounting Standards and

Interpretations

Both (b) & (c)

Which of the following is TRUE with respect to the Operating Lease?

Select correct option:

A lease is classified as an operating lease if it not transfers substantially all the risks and rewards incident to ownership

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership

A lease is classified as an operating lease if it transfers substantially 49%% of the risks and rewards incident to ownership

A lease is classified as an operating lease if it transfers substantially 50% of the risks and rewards incident to ownership

Depreciation is:

Select correct option:

A systematic allocation of depreciable amount of an asset over its estimated useful life

The end life of an asset

The increase in value of asset

Another name of Impairment

Which of the following IAS covers the retrospective restatements of prior period errors?

Select correct option:

IAS 8

IAS 7

IAS 16

IAS 18

With respect to IAS 10, business announcing a plan to discontinue an operation after the balance sheet date is considered as which of the following?

Select correct option:

Adjusting Event

Non-Adjusting Event

Bogus Event

Contingent Event

Which of the fallowing is TRUE with respect to Liability?

Select correct option:

It is a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

It is a past obligation of the entity arising from a future event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

It is a present obligation of the entity arising from a past event the settlement of which is expected to result in an inflow from the entity of resources embodying economic benefits.

It is not a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Which type of lease is normally not long term and transfers all the risks and rewards of ownership?

Select correct option:

Finance lease

Operating lease

Sale & lease back

Hire Purchase Agreement

The financial charges calculated at the interest rates implicit in the lease and are charged to:

Select correct option:

Profit and loss account

Balance sheet

Profit and loss appropriation account

Notes to the account

Which of the following TRUE with respect to Provision?

Select correct option:

It is a liability of uncertain timing or amount?

It is a liability of certain timing or amount?

It is an asset of uncertain timing or amount?

It is an income of uncertain timing or amount?

Funds contributed by the owner to run a business are called:

Select correct option:

Assets

Expenses

Capital

Running Finance Loans

In 3 years you are to receive Rs. 5,000. If the interest rate were to suddenly increase, the present value of that future amount to you would:

Select correct option:

Fall

Rise

Remain same

None of the given options

Which of the following is the gross inflow of economic benefits during the period arising in the course of ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants?

Select correct option:

Revenue

Expense

Asset

Liability

Which of the following is charged to revenue in leasing?

Select correct option:

Repair and maintenance

Material renewals

Addition or extension of assets

Premium given for lease

Which of the following TRUE with respect to Provision?

Select correct option:

It is a liability of uncertain timing or amount?

It is a liability of certain timing or amount?

It is an asset of uncertain timing or amount?

It is an income of uncertain timing or amount?

Which of the following is TRUE with respect to the measurement of Revenue – IAS18?

Select correct option:

Revenue shall be measured at the fair value of the consideration received or receivable

Revenue shall be measured at the future value of the consideration received or receivable

Revenue shall be measured at the discounted value of the consideration received or receivable

Revenue shall not be measured at the fair value of the consideration received or receivable

Which of the following guide an entity to change the accounting policy?

The application of an accounting policy for transactions, other events or conditions that differ in substance from those previously occurring

The application of a new accounting policy for transactions, other events or conditions that did not occur previously or were immaterial

If the change is required by a standard or an interpretation

All of the given options

Which of the following asset is recorded in Balance Sheet under the heading of Current Assets?

Furniture

Deferred Cost

Land

Prepayments

Under which of the following methods for inventory valuation, inventory is valued at most recent costs?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Which one of the following methods for inventory valuation is based on the assumption that the most recently purchased merchandise to be sold first?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Fixture

Bank overdraft

Premises

Spare parts

Which of the following IAS mainly covers Financial Instruments of other long term investments?

IAS 27 & 32

IAS 28 & 39

AS 32 & 39

IAS 31 & 32

Which of the following is/are shown under the heading of Stock-in-Trade in Balance Sheet?

Raw Materials

Work in Process

Finished Goods

All of the given options

Which of the following is an agreement whereby the lesser conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time?

A lease

Hire purchase

Installment

Trading on credit basis

A prior period error shall be corrected by:

Retrospective restatement

Prospective application

Shall not be corrected

Costing

Which of the following is NOT included in the Equity Section of the Balance Sheet?

Current portion of long term liability

Paid up capital

Reserves

Un-appropriated profit

Which of the following is included in the Current Assets Section of the Balance Sheet?

Stores and Spares

Reserves

Un-appropriated profit

Debentures

Which of the following is TRUE with respect to the measurement of Revenue – IAS 18?

Revenue shall be measured at the fair value of the consideration received or receivable

Revenue shall be measured at the future value of the consideration received or receivable

Revenue shall be measured at the discounted value of the consideration received or receivable

Revenue shall not be measured at the fair value of the consideration received or receivable

All of the followings are included in Minimum Lease Payment EXCEPT:

Initial payment

All lease rentals

Any amount that is guaranteed to be paid during or at the end of the lease term

Insurance paid by lesser and recovered from lessee

The present value should be substantially equal to the fair value of the asset. Which of the following represents the best meaning of “substantially equal under finance lease”?

Generally 90 % or more is considered to be substantially equal

Generally 90% or lower is considered to be substantially equal

Generally 50% is considered to be substantially equal

Generally Less than 50% is considered to be substantially equal

What single investment, made today, earning 10% annual interest, will be worth Rs. 2,420 at the end of 2nd year?

Rs. 2,928

Rs. 420

Rs. 484

Rs. 2,000

Deferred Tax can be the example of?

Current Liabilities

Long term Murabaha

Long term deposits

Deferred Liabilities

Which of the following lease payments should be apportioned?

Finance charges

Capital charges

Revenue charges

Finance charge and the reduction of the outstanding liability

How the fair value will be considered when the flow of cash or cash equivalent is deferred?

Considered be less than the nominal amount of cash received or receivable

Considered be more than the nominal amount of cash received or receivable

Considered be less than the expected amount of cash received or receivable

None of the given options

Which of the following is the classification of expense by their functions with respect to IAS-01?

Select correct option:

Cost of distribution

Purchase of material

Depreciation

Transportation costs

Which of the following is/are the source/s for the issuance of bonus shares?

Select correct option:

Profit and loss appropriation account

Share premium account

Revenue reserve

All of the given options

What would be the present value of Rs. 8,500 to be received after 8 years at a discount rate of 10 percent?

Select correct option:

Rs. 3,965

Rs. 7,992

Rs. 15,300

Rs. 18,221

Here $n = 8$

$i = 10\%$ p.a

FV= Rs. 8500

$PV = FV / (1 + i)^n$

$PV = 8500 / (1+10\%)^8$

$PV = 8500 / (1.1)^8$

$PV = 8500 / 2.144$

$PV = Rs. 3964.55$

Which of the following is the example of Administrative Cost?

Select correct option:

Depreciation

Advertising cost
Mark up on loan
Service charges of bank

Which of the following represents the meaning of turnover in accounting?

Select correct option:

Gross sale

Total profit
Total output
Total investment

Ordinary shares are also called:

Common shares
Common stock
Equity shares

All of the given options

If you plan to save Rs. 5,000 with a bank at an interest rate of 8%, what will be the worth of your amount after 4 years if interest is compounded annually?

Rs. 5,400
Rs. 5,900
Rs. 6,600

Rs. 6,802

Here

$n = 4$

$i = 8\% \text{ p.a}$

$PV = \text{Rs. } 5000$

$FV = PV(1 + i)^n$

$FV = 5000 (1+8\%)^4$

$FV = 5000 (1.08)^4$

$FV = 5000(1.36)$

$FV = \text{Rs. } 6800$

What would be the present value of Rs. 17,000 to be received after 8 years at a discount rate of 10 percent?

Rs. 7,931

Rs. 15,981

Rs. 30,600

Rs. 36,441

$n=8$

$i=10\%$

$f.v=17000$

$PV = FV / (1 + i)^n$

$pv=17000/(1+10\%)^8$

7930

Depreciation calculation which is at a lesser amount for every following period:

Reducing balance method

Straight line method
Sum of digit method
Output method

How many types of possible format are provided by IAS-1 for income statement?

Two types of possible formats

Three types of possible formats
Four types of possible formats
Five types of possible formats

What are the basic three key elements used to decide whether an intangible-fixed asset should be recognized in the accounts?

Select correct option:

Control, identifiably & economic benefits

Control, marketability & materiality
Completion of development, control & identifiably

Which of the following is INCORRECT for equity of a Public Limited Company?

Select correct option:

Equity = Total Assets – Total Liabilities

Equity = Share Capital + General Reserves + Revenue Reserves
Equity = Share Capital + Reserves
Equity = Share Premium + Reserves

Which of the following is/are TRUE about the Draft Financial Statements?

Select correct option:

Draft statements are prepared by the accounts department
Draft statements are audited by the external auditors

Draft statements are put in front of the Board of Directors for approval

All of the given options

Which of the following can also be called shareholders fund?

Select correct option:

Paid up capital
Called up capital
Subscribed capital

Equity

Which of the following is/are considered as expense by their nature with respect to IAS 01?

Select correct option:

Advertising costs
Depreciation expenses
Amortization expenses

All of the given options

Which of the following is/are NOT the example(s) of current liability?

Select correct option:

Sundry Debtors /trade debtors

Debentures

Loan given to Mr. A for shorter period

All of the given options

Which of the following is NOT considered as Non-cash item?

Select correct option:

Depreciation

Amortization

Depletion

Stock

Which of the following is considered as inflow of cash?

Select correct option:

Re-purchase of shares

Redemption of debentures

Issuance of debentures

Payment of dividend

Which of the following is NOT considered as expense by their nature with respect to IAS 01?

Select correct option:

Purchase of material

Transportation costs

Employees benefits costs

Cost of goods sold

Which of the following IAS covers the Debentures?

IAS 32 only

IAS 39 only

Both IAS 32 and IAS 39

IAS 17

Which of the following is TRUE if the amount is transferred to General Reserves?

Reserves will be increased

Retain earnings will be decreased

No effect on total equity

All of the given options

Which of the following is adjusted as working capital change in operating activities section of a cash flow statement?

Select correct option:

Decrease in trade receivable

Repayment of dividend

Payment of goodwill

Investment in associated companies

Which of the following reflects the TRUE description of “Probable” with respect to IAS-37?

Select correct option:

Future events are likely to occur.

The chance of the future event occurring is more than remote but less than likely.

The chance of future events occurring is slight.

Product guarantee or undertaking given by the seller to the buyer to compensate for any deficiency of quantity, quality or performance specification of a product

Which of the following is TRUE with respect to the application of Cash Flow Statement?

Select correct option:

Sale of equipment for cash is considered as inflow of cash

Sale of equipment on account is considered as inflow of cash

Sale of equipment on credit is considered as inflow of cash

Sale of equipment for cash is considered as outflow of cash

Intention to complete development, economic benefits & identifiably

Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Cash Balance

Bank Balance

Premises

Marketable Securities

Written down value of an asset = -----

Select correct option:

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

Which of the following entities is not profit oriented entity?

Select correct option:

Sole - proprietorship

Partnership

Companies

Foundations

Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Stock

General Stores

Spare parts

Bank over draft

Which of the following meeting is held once in the life of a company?

Select correct option:

Statutory Meeting

Annual General Meeting

Extraordinary Meeting

Board Meeting

Which of the following is NOT a Qualifying Asset?

Select correct option:

Power plan being in the process of manufacture

Inventories requiring a substantial period for manufacturing

Special order for a special inventory that will be manufactured in 5 months

Asset ready for use

Which of the following is/are the type(s) of stock for manufacturing concerns?

Select correct option:

Raw Material

Work in Process

Finished Goods

All of the given options

Which one of the following is a method of stock valuation?

Select correct option:

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Which of the following investment are recorded using Cost Method?

Select correct option:

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

An enterprise would be the subsidiary of another enterprise if that investor enterprise can control the subsidiary represents:

Select correct option:

Subsidiary Companies

Holding Companies

Public Limited Companies

Private Limited Companies

Which of the following is NOT the method of stock valuation?

Select correct option:

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

Which one of the following is a method of stock valuation?

Select correct option:

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Which of the following is/are the method(s) for calculating the cost of inventory?

Select correct option:

FIFO Method

Weighted Average Method

Specific Identification Method

All of the given options

Which of the following is (are) related with the IAS 23?

Select correct option:

Qualifying Assets

Amount to be capitalized related to the Borrowing cost

Capitalization period related to the Borrowing cost

All of the given options

Partnership firm has a maximum ____ numbers of partners.

Select correct option:

20

15

10

02

Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?

Select correct option:

Section 157

Section 158

Section 159

Section 160

Which of the following may consist of more than 20 persons in case of partnership?

Select correct option:

Firms of Lawyers

Firms of Doctors

Firms of Associates

All of the given options

Which one of the following is related to the Allowed Alternative Treatment for an investment in jointly controlled entities?

Proportionate Consolidation Method

Equity Method

Weighted Average Method

Sum of Year Digit Method

IAS-16 deals with:

Select correct option:

Property, Plant and Equipment

Cash Flow Statement

Presentation of Financial Statements

Earning per share

Companies are registered under:

Select correct option:

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

Which of the following business is formed by the approval of Stock Exchange?

Select correct option:

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Brockage House

To the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Which one of the following is the type of stock for trading concerns?

Select correct option:

Raw Material

Work in Process

Finished Goods

Stock in Trade

What is the meeting requirement for the directors of a Public Limited Company?

Select correct option:

At least once in each quarter

At least once in each month

At least once in each year

At least once in each week

Which of the following is/are example(s) of development activities?

Select correct option:

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

The design, construction and operation of a pilot plant

All of the given options

Which of the following IAS deals with the Intangible Assets?

Select correct option:

IAS 38

IAS 23

IAS 01

IAS 16

Which one of the following type(s) of information is(are) available in 4th and 5th schedule of the Companies Ordinance 1984?

Select correct option:

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

Which one of the following IAS is related to the Interest in Joint Venture?

Select correct option:

IAS 27

IAS 28

IAS 31

IAS 32

Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the ----- of the old asset.

Carrying value

Fair value

Future value

Salvage Value

Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

The term “Significant Influence” refers to the:

Ability to participate but not to control financial and management affairs of the enterprise

Ability to participate and control financial and management affairs of the enterprise

Neither to control nor to participate in financial affairs of the enterprise

None of the given options

Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount

Purchases return

Sales return

Which of the following entities is profit oriented entity?

NGOs

Trust

Societies

Sole - proprietorship

What is the treatment of Accumulated Depreciation in accounting?

Treated as a reserve

Treated as a contra asset

Treated as a surplus

Treated as an expense

Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

Which one of the following is related to the Benchmark Treatment for an investment in jointly controlled entities?

Proportionate Consolidation Method

Equity Method

LIFO Method

Specific Identification Method

Which of the following is/are not the example(s) of financial Asset?

Minority interest

Sale of goods

Purchases of goods

All of the given options

Which one of the following is a fixed asset?

Cash in hand

Advanced payment

Closing stock

Leasehold vehicle

Which of the following is an example of Capital Expenditure?

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

Which of the following represent(s) the Cost of goods sold?

Sales – Gross Profit

Opening Stock + Purchases – Closing Stock

Cost of goods Manufactured + Opening Finished Goods Inventory – Closing Finished

Goods Inventory

All of the given options

Which of the following is(are) example(s) of Borrowing costs?

Interest on bank overdrafts

Interest on short-term borrowings

Interest on long-term borrowings

All of the given options

Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

Which of the following IAS deals with the Associated Companies?

IAS 27

IAS 28

IAS 01

IAS 07

Which of the following fixed asset is shown at cost rather at book value?

Machinery

Furniture

Vehicles

Land

Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity
Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Qualifying Asset

Outstanding Asset

Tangible Asset

Intangible Asset

Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

Which of the following business is formed by the approval of State Bank of Pakistan?

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Blockage House

If Original cost is Rs. 100,000; Depreciation rate is 20% p.a. using straight line method; what will be the value of accumulated depreciation at the end of 2nd year?

Rs.20, 000

Rs. 40,000

Rs. 80,000

Rs. 60,000

Concept of related parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

Which one of the following is related to the IAS 39?

Consolidated and Separate Financial Statements

Interest in Joint Venture

Financial Instruments Disclosure and Presentation

Financial Instruments Recognition and Measurement

Which of the following is TRUE with respect to the disclosure requirements of Trade Debts?

Select correct option:

Doubtful debts is deducted from the Provision for doubtful debts

Doubtful debts and its Provision is shown separately as asset

Provision for doubtful debts is not taken into consideration

None of the given options

Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

If: •Manufacturing Cost is Rs. 30,000 •Opening Work in Process Inventory is Rs. 5,000 •Closing Work in Process Inventory is Rs. 10,000 Then: What is the amount of Cost of Goods Manufactured?

Select correct option:

Rs. 35,000

Rs. 25,000

Rs. 15,000

Rs. 20,000

Which of the following is/are the physical asset(s)?

Select correct option:

Term Finance Certificates

Loan Agreements

Trade Receivables

All of the given options

Which of the following methodology is adopted for the valuation of investments held to maturity?

Select correct option:

Proportionate Consolidation or Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the ----- of the old asset.

Select correct option:

Carrying value

Fair value

Future value

Salvage Value

All of the following are Fixed assets EXCEPT:

Select correct option:

Machinery

Freehold land

Leasehold land

Marketable securities

If the holding company owns more than 50% but less than 100% shares of the subsidiary company then the subsidiary type will be termed as:

Select correct option:

Partially owned subsidiary

Wholly owned subsidiary

Direct subsidiary

Indirect subsidiary

Which of the following is NOT related to the qualitative characteristics that make financial information useful?

Select correct option:

Reliability only

Relevancy only

Both Reliability and Relevancy

Understandability

Which of the following sections of the Companies Ordinance 1984 is related to the Statutory Meeting?

Select correct option:

Section 157

Section 158

Section 159

Section 160

Under which of the following assumptions, the Financial Statements are to be prepared?

Select correct option:

Future assumption

Past assumption

Accrual basis and Going concern assumptions

Accrual basis assumption only

Which one of the following type(s) of information is (are) available in 4th and 5th schedule of the Companies Ordinance 1984?

Select correct option:

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

Which of the following IAS deals with Revaluation of Assets?

Select correct option:

IAS 16

IAS 07

IAS 01

IAS 23

If the holding company owns marginally less than 100% shares of the subsidiary company then the subsidiary type will be termed as:

Select correct option:

Partially Owned Subsidiary

Wholly Owned Subsidiary
Virtually Wholly Owned Subsidiary
Indirect Subsidiary

Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Cash Balance
Loans and Advances
Bank Balance

All of the given options

Which one of the following is NOT recorded under Equity section of the Balance Sheet?

Select correct option:

Share Premium
Share Capital
Accumulated Profit

Dividend Payable

Preparation and presentation of Financial Statements are governed by:

Select correct option:

Companies Ordinance 1984

International Accounting Standards
International Financial Reporting Standards
All of the given options

Which one of the following methods for inventory valuation is NOT suitable for homogeneous units?

Select correct option:

FIFO Method
LIFO Method
Weighted Average Method

Specific Identification Method

Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?

Select correct option:

Applied research
Development

Business research

Accounting

Which of the following is NOT the type of Market Risk?

Select correct option:

Price Risk

Liquidity Risk

Interest Rate Risk

Currency Risk

Which one of the following is related to IAS 32 & 39?

Select correct option:

Property, Plant & Equipment

Inventory

Financial Statements

Financial Instruments

Which one of the following is NOT the component of cost?

Select correct option:

Import duties

Installation costs

Cost of site preparation

Transportation outwards

Which of the following is the type of business owned by one person?

Select correct option:

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

Which one of the following is(are) recorded under the Equity section of the Balance Sheet?

Select correct option:

Share Premium

Reserves

Accumulated Profit

All of the given options

According to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Which of the following asset is not an example of Intangible Fixed Assets?

Select correct option:

Vehicles

Good Will

Copyrights

Trade Marks and Designs

Which of the following represents the Qualifying Asset?

Select correct option:

Inventory routinely manufactured

Asset ready for use

Manufacturing plants

None of the given options

A Private limited company can be formed at least by:

Select correct option:

2 members

3 members

1 member

07 members

Which one of the following is an example of Financial Asset?

Select correct option:

Inventories

Patent rights

Goodwill

Accounts receivable

Which of the following option is/are TRUE with respect to the Disclosure requirement for intangible assets acquired by the way of Government grants?

Select correct option:

The fair value initially recognized

Disclosure for carrying amount

Disclosure for the amount of commitments for acquisition of intangible assets

All of the given options

If stock valuation method is changed every year by the firm, which concept the firm has violated?

Select correct option:

The materiality concept

The consistency concept

The prudence concept

The going concern concept

Which of the following is an example of Revenue Expenditure?

Select correct option:

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

A second-hand car was purchased for Rs. 7,000 and Rs. 5,000 were spent for its repairs and overhauling

An additional room was constructed at a cost of Rs. 15,000

Which of the following sections of Companies Ordinance 1984 are related to the Non Profit oriented entities?

Select correct option:

Section 42

Section 43

Section 44

Section 45

Which of the following may result for an inability to sell a financial asset quickly at close to its fair value?

Select correct option:

Price Risk

Liquidity Risk

Interest Rate Risk

Currency Risk

Which of the following schedule of the Company Ordinance 1984 is related to the classification of intangible assets?

Select correct option:

4th schedule

5th schedule

6th schedule

2nd schedule

The closing stock will be shown under the head of _____ in Balance Sheet.

Select correct option:

Non current Assets

Current Assets

Intangible Assets

Tangible Assets

Which of the following is another name for Authorized Capital of a company?

Select correct option:

Nominal Capital

Issued Capital

Subscribed Capital

Paid up Capital

Which of the following is/are excluded from Financial Assets?

Select correct option:

Physical Assets

Inventories

Prepaid expenses

All of the given options

Which of the following IAS is related to the Consolidated and Separate Financial Statements?

Select correct option:

IAS 27

IAS 28

IAS 31

IAS 32

Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Building
Land
Premises

Marketable Securities

Which of the following statement shows the financial position of the business?

Select correct option:

Cash Flows Statement
Income Statement

Balance Sheet

Statement of Owner's equity

According to the Benchmark Treatment, Which of the following method is used for stock valuation?

Select correct option:

FIFO Method or LIFO Method
LIFO Method

FIFO or Weighted Average Method

Specific Identification Method

If the holding company owns 100% shares of the subsidiary company then the subsidiary type will be termed as:

Select correct option:

Partially Owned Subsidiary

Wholly Owned Subsidiary

Direct Subsidiary
Indirect Subsidiary

Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

Select correct option:

FIFO Method

LIFO Method
Weighted Average Method
Specific Identification Method

What is the maximum number of shareholders allowed for a Public Limited Company?

Select correct option:

20
50
10

Unlimited

Which of the following is/are equal to “Capital”?

Net Assets

Assets – Liabilities

Net worth of the firm
All of the given options

Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost

Carrying Amount

Which of the following asset is NOT an example of Tangible Fixed Assets?

Patent rights

Furniture

Vehicles

Machinery

Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?

4th schedule

5th schedule

6th schedule

2nd schedule

Which one of the following schedule provides disclosure requirements for Non-Listed Companies under Companies Ordinance 1984?

4th schedule

5th schedule

6th schedule

2nd schedule

In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the ----- of the old asset.

Carrying value

Fair value

Future value

Salvage value

Which of the following is NOT an accounting concept?

Prudence

Going concern

Depreciation

Matching

Depreciation is:

A systematic allocation of depreciable amount of an asset over its estimated useful life

The end life of an asset

The increase in value of asset

Another name of Impairment

REF: <http://en.wikipedia.org/wiki/Depreciation>

Which of the following statement shows the financial position of the business?

Cash Flows Statement

Income Statement

Balance Sheet

Statement of Owner's equity

When we see the capital with Production capacity or operating capability of the enterprise then it called:

The financial concept of capital maintenance

The physical concept of capital maintenance

Both physical and financial concept of capital maintenance

Neither physical nor financial concept of capital maintenance

Which of the following is/are example(s) of research activities?

Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options

Which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Select correct option:

Debentures

Deferred Taxation

Obligation under Finance Lease

All of the given options

Which of the following section of the Companies Ordinance 1984 deals with Revaluation of Fixed Assets?

Select correct option:

Section 235

Section 236

Section 237

Section 238

Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

Select correct option:

IAS 01

IAS 16

IAS 23

All of the given options

Which of the following statement is/are INCORRECT under the Equity Method for recognition of investment in associated companies?

Select correct option:

Any distribution of profits by the investee company is recorded as an income

The carrying amount of the investment is increased or decreased to reorganize the distributor's share of profits or losses of the investee after the date of acquisition

The carrying amount of the investment is increased or decreased to reorganize the investor's share of profits or losses of the investee before the date of acquisition

All of the given options

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

If an item that meets the definition of an element is recognized:

Select correct option:

When it is possible that any future economic benefit linked with the item will flow to or from the entity.

When the element has cost or worth that can be measured reliably

When entity obtains control of the rights or obligations linked with the item.

When there is probable that any future economic benefit linked with the item will flow to or from the entity and the item has a cost or worth that can be measured reliably

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Ahmad & Co. changed LIFO method to FIFO method to account for its finished goods inventory. Whether it is:

Select correct option:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item with respect to IAS-08

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Which of the following is not required to disclose as additional information when an entity decides to present its income statement on the basis of "Function of Expense" method?

Select correct option:

Depreciation expense

Director's remuneration

Employees' benefits expense

Amortization expense

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Cash flow statement is designed to assist users in assessing all of the following except:

Select correct option:

Capability of the company to remain solvent

Company's profitability

Major source of cash receipts & payments during the period

Provide reason why net cash flow from operating activities fluctuate from net income

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Which of the following organizations are required to issue a prospectus for raising capital?

Select correct option:

Public limited companies

Private limited companies

Partnership firms

Sole traders

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

If issuance of debentures against cash is Rs. 3,000 and repurchase of shares of Rs. 4,000 then which of the following is correct?

Select correct option:

Inflow of cash Rs. 7,000

Outflow of cash Rs. 7,000

Inflow of cash Rs. 1,000

Outflow of cash Rs. 1,000

Ref:

<http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA2>

[2eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false)

How many types of financial statements exist according to IAS-1?

Select correct option:

5

4

3

6

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Which of the following is NOT related to the qualitative characteristics that make financial information useful?

Select correct option:

Reliability only

Relevancy only

Understandability

None of the given

Which of the following is TRUE about the changes due to issuance of bonus shares?

Select correct option:

Decrease in reserves and surpluses

Increase in reserves and surpluses

Increase in working capital

Decrease in working capital

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Which of the following is TRUE about the meeting of directors?

The quorum for a meeting of directors of listed company shall not be less than 1/3 of their member or four whichever is greater.

The quorum for a meeting of directors of listed company shall not be less than 1/3 of their member or four whichever is lower.

The quorum for a meeting of directors of listed company shall not be less than 1/2 of their member or four whichever is lower.

The quorum for a meeting of directors of listed company shall not be less than 1/2 of their member or four whichever is greater.

Ref:

<http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfV>

[jFcLi8-](#)

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Which one of the following expenditure cannot be capitalized?

Initial composition cost

Cost of adding air conditioner to the computer room

Cost of adding extra RAM to computer

New tires placed on a motor car

Ref:

[http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLi8-](#)

[Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](#)

Which of the following is an example of research activities with respect to Intangible Assets?

Activities aimed at obtaining new knowledge

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

The design, construction and operation of a pilot plant

Ref:

[http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLi8-](#)

[Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](#)

Under which of the following circumstance(s), Trade Discount is granted?

When selling to a fellow trader

When the buyer is an old customer

When sales are made in bulk

All of the given options

[http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLi8-](#)

[Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](#)

If a manufacturer gives warranties at the time of sale to the purchaser of its products, under the terms of the contract for sale the manufacturer undertakes to make good, by repair or replacement, manufacturing defects that become apparent within three years from the date of sale. On past experience, it is probable (i.e. more probable than not) that there will be some claims under the warranties. Then which of the following is TRUE with respect to IAS-37?

It gives rise to legal obligation.

It gives rise to constructive obligation.
It does not give rise to legal obligation.
It removes the legal obligation.

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

A furnace has a lining that needs to be replaced every 5 years for technical reasons. At the balance sheet date, the lining has been in use for 3 years. Which of the following is TRUE with respect to IAS-37?

There is no present obligation
It gives rise to legal obligation.
It gives rise to constructive obligation.

None of the given options

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Which of the following is TRUE with respect to the issuance of shares?

Equity will be increased only
Share capital will be increased only

Both share capital and equity will be increased

Retain earning will be increased

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

Which of the following is TRUE with respect to IAS-02?

Inventory valuation under periodic and perpetual methods is the same under FIFO
Inventory valuation under periodic and perpetual methods is the same under Moving Average Method
In period of rising prices FIFO method gives the lowest net profit compared to LIFO method

In period of rising prices FIFO method gives the highest net profit compared to LIFO method

Ref:

http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false

[Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false)

Which of the following statement is correct for Finance Lease?

The present value should be substantially equal the fair value of the asset

The present value should always greater than the fair value of the asset

The present value should always less than the fair value of the asset

There is no relationship between the present value and fair value of asset

Ref:

[http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-](http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false)

[Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false)

Debt Instruments issued for a long term by governments, financial institutions and companies for rising long term loans are called?

Options

Debentures

Shares

Securities

Ref:

[http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-](http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false)

[Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false](http://books.google.com/books?id=MDiZQCSBENMC&pg=PA526&lpg=PA526&dq=depletion+is+non+cash+item?&source=bl&ots=2Kz3qt1cfX&sig=oxz7chA22eDrrTVIfVjFcLj8-Mw&hl=en&ei=tY0QTsaTLYjKsgabqK22BQ&sa=X&oi=book_result&ct=result&resnum=1&ved=0CBsQ6AEwAA#v=onepage&q&f=false)

Which of the following is the basis for the recognition of revenue?

Interest shall be recognized using effective interest method as set out in IAS39

Interest shall be recognized using effective interest method as set out in IAS38

Interest shall be recognized using effective interest method as set out in IAS07

Interest shall be recognized using effective interest method as set out in IAS01

Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development

Audit

Accounting

vustudents.ning

Lec 1 to 45

1. **Insurance paid in advance would be treated in the Balance sheet as:**
Select correct option:

Current asset

Deferred expense

Select correct option:

Creditors are not entitled to object repurchase

Creditors are entitled to object repurchase fully

Creditors are entitled to object repurchase partially

Company is not required to maintain a capital repurchase reserve

3. Which of the following clause of Companies Ordinance 1984 told that the long term loans shall be classified as secured and unsecured?

Select correct option:

Clause 8(A)

Clause 8(B)

Clause 8(C)

Clause 9(B)

4. Which of the following represents that the shares are issued at a price below the face value?

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value
Share issued at nominal value

5. Revaluation of asset is conducted by:

Select correct option:

Directors
Shareholders
Managers
Professional Qualified Valuers

6. Which of the following is (are) related with the IAS 23?

Select correct option:

Qualifying Assets
Amount to be capitalized related to the Borrowing cost
Capitalization period related to the Borrowing cost
All of the given options

7. Which of the following is recorded under Long Term Liabilities section of the Balance Sheet?

Select correct option:

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Creditors
Provision for Taxation
Dividend Payable

8. What is the maximum number of shareholders allowed for a Public Limited Company?

Select correct option:

20
50
10
Unlimited

9. Which of the following clause of Companies Ordinance 1984 told that the Non-current liabilities shall be classified under appropriate subheads?

Select correct option:

Clause 8(A)
Clause 8(B)
Clause 8(C)

10. Which of the following represents the claims of the owners against the assets of the business?

Select correct option:

Assets
Expenses
Owner's Equity
Income

11. A Private limited company can be formed at least by:

Select correct option:

2 members
3 members
1 member
07 members

12. Which of the following represents the total par value of shares offered to the general public for contribution?

Select correct option:

Registered Capital
Called up Capital
Subscribed Capital
Paid up Capital

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13. Which of the following represents that total par value of shares which is taken up by the public out of total issued capital?

Select correct option:

Registered Capital
Subscribed Capital
Reserve Capital
Called up Capital

14. Section 95A of the Companies ordinance 1984 is applied on which of the following companies?

Select correct option:

Listed companies only

Non listed companies only

Private companies only

All companies

**15. Which of the following represents the objective of the financial statements?
Select correct option:**

To provide the information about the business objectives

To provide the information about the business liabilities

To provide the information about the business assets

To provide the information about the Financial position, Financial performance and
Changes in financial position

**16. Which of the following section of the Companies ordinance 1984 refers to the
share issued at discount?**

Select correct option:

Section 83

Section 84

Section 85

Section 86

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**17. According to the Prudence concept, Stock should be included in Balance
Sheet at:**

Select correct option:

Cost

Its net Realizable value

Lower of its total cost Or its total net realizable value

Higher of its total cost Or its total net realizable value

18. Which of the following IAS deals with Subsidiary Companies?

IAS 27

IAS 28

IAS 01

IAS 07

19.

Which one the following risk will arise when financial instruments fluctuate due to changes in foreign exchange rates?

Select correct option:

Credit Risk

Cash Flow Risk

Liquidity Risk

None of the given options

20.

Which of the following is an artificial person recognized by law?

Select correct option:

Limited company

Partnership

Sole-proprietorship

Trust

21.

Why do businesses charge depreciation on their fixed assets?

Select correct option:

To ensure that sufficient cash is available to replace the assets

To show the realizable value of the assets in the Balance Sheet

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To spread the cost of the assets over their estimated useful life

To show when the assets must be replaced

Mgt 401 final term quiz

22. Which of the following is/are Non-Current Liabilities according to the 4th schedule clause 8(A) of the Companies Ordinance 1984?

Select correct option:

Long term financing

Debentures

Deferred liabilities

All of the given options

23. Which of the following is a fall in the value of an asset so that its recoverable amount is now less than its carrying value in the balance sheet?

Select correct option:

Impairment

Depreciation

Accumulated Deprecation

Carrying Value

24. **Insurance paid in advance would be treated in the Balance sheet as:**

Select correct option:

Non current asset

Current asset

Intangible asset

Deferred expense

25. **According to the section 95A of the Companies ordinance 1984, which of the following statement is correct?**

Select correct option:

Creditors are not entitled to object repurchase

Creditors are entitled to object repurchase fully

Creditors are entitled to object repurchase partially

Company is not required to maintain a capital repurchase reserve

26. **What is the treatment of Accumulated Depreciation in accounting?**

Select correct option:

Treated as a reserve

Treated as a contra asset

Treated as a surplus

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27. **Which of the following clause of Companies Ordinance 1984 told that the long term loans shall be classified as secured and unsecured?**

Select correct option:

Clause 8(A)

Clause 8(B)

Clause 8(C)

Clause 9(B)

28. **Which of the following represents that total par value of shares which is taken up by the public out of total issued capital?**

Select correct option:

Registered Capital

Subscribed Capital

Reserve Capital

Called up Capital

29. **Which of the following represents that the shares are issued at a price below the face value?**

Select correct option:

Share issued at premium

Share issued at discount

Share issued at par value

Share issued at nominal value

30. Revaluation of asset is conducted by:

Select correct option:

Directors

Shareholders

Managers

Professional Qualified Valuers

31. Which of the following is (are) related with the IAS 23?

Select correct option:

Qualifying Assets

Amount to be capitalized related to the Borrowing cost

Capitalization period related to the Borrowing cost

All of the given options

32. Which of the following clause of Companies Ordinance 1984 told that the

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Select correct option:

Clause 8(A)

Clause 8(B)

Clause 8(C)

Clause 9(B)

33. A legal obligation is that which is derived from:

Select correct option:

A contract

A legislation

Other operation of law

All of the given options

34. Which of the following IAS covers the treatment of Finance Lease?

Select correct option:

IAS 17

IAS 18

IAS 33

IAS 01

35. **Which of the following is the direct cost of manufacturing the goods that were sold by the entity during the reporting period?**

Select correct option:

Cost of Goods Sold

Revenue

Asset

Liability

36. **Which of the following is/are included in the cost of goods sold?**

Select correct option:

Cost of materials used

Direct labour cost

Factory cost

All of the given options

37. **Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity?**

Select correct option:

Contingent asset

Fixed asset

Current asset

Floating asset

38. **Which of the following refers to any notice, circular, advertisement, or any other invitation to the public for subscription of any shares or debentures of a company?**

Select correct option:

Prospectus

Statement in lieu of prospectus

Articles of association

Memorandum of association

39. **Which of the following is old name of Cash Flow Statement?**

Select correct option:

Sources and Application of Funds

Sources and Application of Liabilities

Sources and Application of Activities

Sources and Application of Income

40. Which of the following is considered as Non-cash item?

Select correct option:

Amortization

Accruals

Prepaid expenses

Outstanding expenses

41. Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Select correct option:

Adjusting events only

Non-adjusting events only

Both Adjusting and Non-adjusting events

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None of the given options

42. All are the types of the financial statements according to IAS-1 except:

Select correct option:

Balance sheet

Statement of changes in equity

Director's report

Notes to the financial statements

43. An enterprise would be the subsidiary of another enterprise if that investor enterprise can

44. control the subsidiary represents:

Select correct option:

Subsidiary Companies

Holding Companies

Public Limited Companies

Private Limited Companies

45. Which of the following is charged to revenue in leasing?

Select correct option:

Repair and maintenance

Material renewals

Addition or extension of assets

Premium given for lease

46. With respect to IAS 10, a major business takeover after the balance sheet date

47. or disposing of a major subsidiary is considered as which of the following?

Select correct option:

Adjusting Event

Non-Adjusting Event

Bogus Event

Contingent Event

48. Which is/are Not the objectives of financial statements according to IASB's Framework?

Select correct option:

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Provide information about the financial performance, position, and changes in financial position of an entity which is useful for wide range of users of financial statements in making economic decisions

Prepare and present income statement, balance sheet, statement of changes in equity and cash flow statement

Prepare all financial statements in accordance with applicable Accounting Standards and Interpretations

Both (b) & (c)

49. Which of the following is the gross inflow of economic benefits during the period arising

50. in the course of ordinary activities of an entity when those inflows result in increases

51. in equity, other than increases relating to contributions from equity participants?

Select correct option:

Revenue

Expense
Asset
Liability

52. Which of the following is TRUE with respect to the Operating Lease?

Select correct option:

A lease is classified as an operating lease if it not transfers substantially all the risks and rewards incident to ownership

A lease is classified as an operating lease if it transfers substantially all the risks and rewards incident to ownership

A lease is classified as an operating lease if it transfers substantially 49%% of the risks and rewards incident to ownership

A lease is classified as an operating lease if it transfers substantially 50% of the risks and rewards incident to ownership

53. Depreciation is:

Select correct option:

A systematic allocation of depreciable amount of an asset over its estimated useful life

The end life of an asset

The increase in value of asset

Another name of Impairment

54. Preparation and presentation of Financial Statements are governed by:

Select correct option:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

55. Which of the following IAS covers the retrospective restatements of prior period errors?

Select correct option:

IAS 8

IAS 7

IAS 16

IAS 18

56. With respect to IAS 10, business announcing a plan to discontinue an operation after the balance sheet date is considered as which of the following?

Select correct option:

- Adjusting Event
- Non-Adjusting Event**
- Bogus Event
- Contingent Event

57. Which of the following is TRUE with respect to Liability?

Select correct option:

It is a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

It is a past obligation of the entity arising from a future event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

It is a present obligation of the entity arising from a past event the settlement of which is expected to result in an inflow from the entity of resources embodying economic benefits.

It is not a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

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58. Which type of lease is known as "long term and carries on the risks and rewards of ownership?"

Select correct option:

- Finance lease
- Operating lease**
- Sale & lease back
- Hire Purchase Agreement

59. The financial charges calculated at the interest rates implicit in the lease and are charged to:

Select correct option:

Profit and loss account

- Balance sheet
- Profit and loss appropriation account
- Notes to the account

60. Which of the following IAS deals with Inventories?

Select correct option:

- IAS 38

IAS 23

IAS 02

IAS 16

61. Which of the following TRUE with respect to Provision?

Select correct option:

It is a liability of uncertain timing or amount?

It is a liability of certain timing or amount?

It is an asset of uncertain timing or amount?

It is an income of uncertain timing or amount?

62. Funds contributed by the owner to run a business are called:

Select correct option:

Assets

Expenses

Capital

Running Finance Loans

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63. In 3 years you are to receive Rs. 5,000. If the interest rate were to suddenly increase, the present value of that future amount to you would:

Select correct option:

Fall

Rise

Remain same

Non of the given options

64. Which of the following IAS deals with Revaluation of Assets?

Select correct option:

IAS 16

IAS 07

IAS 01

IAS 23

65. Which of the following is the gross inflow of economic benefits during the period arising in the course of ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants?

Select correct option:

Revenue

Expense

Asset

Liability

66. Which of the following is charged to revenue in leasing?

Select correct option:

Repair and maintenance

Material renewals

Addition or extension of assets

Premium given for lease

67. Which of the following TRUE with respect to Provision?

Select correct option:

It is a liability of uncertain timing or amount?

It is a liability of certain timing or amount?

It is an asset of uncertain timing or amount?

It is an income of uncertain timing or amount?

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68. Which of the following is TRUE with respect to the measurement of Revenue – IAS 18?

Select correct option:

Revenue shall be measured at the fair value of the consideration received or receivable

Revenue shall be measured at the future value of the consideration received or receivable

Revenue shall be measured at the discounted value of the consideration received or receivable

Revenue shall not be measured at the fair value of the consideration received or receivable

69. Which of the following guide an entity to change the accounting policy?

• The application of an accounting policy for transactions, other events or conditions that differ in substance from those previously occurring

• The application of a new accounting policy for transactions, other events or conditions that did not occur previously or were immaterial

• If the change is required by a standard or an interpretation

?á All of the given options

Question No: 03

70. Which of the following asset is recorded in Balance Sheet under the heading of Current Assets?

?á Furniture

?á Deferred Cost

?á Land

?á **Prepayments**

Question No: 05

71. What cost should be charged to the equipment if:

- Equipment was purchased for Rs. 34,000;
- Costs were incurred on the date of purchase:

o Loss on sale of old equipment Rs. 4,000;

o Installation costs Rs. 3,000; and Breaking-in costs Rs. 500

?á Equipment should be charged with Rs. 37,500

?á Equipment should be charged with Rs. 34,000

?á Equipment should be charged with Rs. 38,000

?á Equipment should be charged with Rs. 37,000

Question No: 09

72. Under which of the following methods for inventory valuation, inventory is valued at most recent costs?

☐ FIFO Method

☒ LIFO Method

☐ Weighted Average Method

☐ Specific Identification Method

Question No: 10

73. Which one of the following methods for inventory valuation is based on the assumption that the most recently purchased merchandise to be sold first?

☒ FIFO Method

☐ LIFO Method

☐ Weighted Average Method

☐ Specific Identification Method

Question No: 11

74. Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

☐ Fixture

☐ Bank overdraft

☐ Premises

☒ Spare parts

Question No: 12

75. Which of the following IAS mainly covers Financial Instruments of other long term investments?

☐ IAS 27 & 32

☐ IAS 28 & 39

?áIAS 32 & 39

?áIAS 31 & 32

Question No: 13

76. Which of the following is/are shown under the heading of Stock-in-Trade in Balance Sheet?

?áRaw Materials

?áWork in Process

?áFinished Goods

?áAll of the given options

77. Which of the following is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments, the right to use an asset for an agreed period of time?

?áA lease

?áHire purchase

?áInstallment

?áTrading on credit basis

Question No: 24

78. A prior period error shall be corrected by:

?áRetrospective restatement

?á Prospective application

?á Shall not be corrected

?á Costing

Question No: 25

79. Which of the following is NOT included in the Equity Section of the Balance Sheet?

?á **Current portion of long term liability**

?á Paid up capital

?á Reserves

?á Un-appropriated profit

Question No: 26

80. Which of the following is included in the Current Assets Section of the Balance Sheet?

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?á **Stores and Spares**

?á Reserves

?á Un-appropriated profit

?á Debentures

Question No: 27

Question No: 28

81. Which of the following is TRUE with respect to the measurement of Revenue – IAS 18?

?á **Revenue shall be measured at the fair value of the consideration received or receivable**

?á Revenue shall be measured at the future value of the consideration received or receivable

?á Revenue shall be measured at the discounted value of the consideration received or receivable

?á Revenue shall not be measured at the fair value of the consideration received or receivable

Question No: 29

82. All of the followings are included in Minimum Lease Payment EXCEPT:

?á Initial payment

?á All lease rentals

?á Any amount that is guaranteed to be paid during or at the end of the lease term

?á Insurance paid by lessor and recovered from lessee

Question No: 30

Question No: 31

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83. The present value should be substantially equal to the fair value of the asset. Which of the following represents the best meaning of "substantially equal under finance lease"?

?á Generally 90 % or more is considered to be substantially equal

?á Generally 90% or lower is considered to be substantially equal

?á Generally 50% is considered to be substantially equal

?á Generally Less than 50% is considered to be substantially equal

84. What single investment, made today, earning 10% annual interest, will be worth Rs. 2,420 at the end of 2nd year?

?á Rs. 2,928

?á Rs. 420

?á Rs. 484

?á Rs. 2,000

Question No: 35

85. **Deferred Tax can be the example of?**

- ?á Current Liabilities
- ?á Long term Murabaha
- ?á Long term deposits
- ?á **Deferred Liabilities**

Question No: 36

Question No: 37

86. **Which of the following lease payments should be apportioned?**

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- ?á Finance charges
- ?á Capital charges
- ?á Revenue charges

?á **Finance charge and the reduction of the outstanding liability**

Question No: 38

87. **How the fair value will be considered when the flow of cash or cash equivalent is deferred?**

- ?á **Considered be less than the nominal amount of cash received or receivable**
- ?á Considered be more than the nominal amount of cash received or receivable
- ?á Considered be less than the expected amount of cash received or receivable
- ?á None of the given options

88. Which of the following is the classification of expense by their functions with respect to IAS-01?

Select correct option:

Cost of distribution

Purchase of material

Depreciation

Transportation costs

89. Which of the following is/are the source/s for the issuance of bonus shares?

Select correct option:

Profit and loss appropriation account

Share premium account

Revenue reserve

All of the given options

90. What would be the present value of Rs. 8,500 to be received after 8 years at a discount rate of 10 percent?

Select correct option:

Rs. 3,965

Rs. 7,992

Rs. 15,300

Rs. 18,221

Here $n = 8$

$i = 10\%$ p.a

FV= Rs. 8500

$PV = FV / (1 + i)^n$

$PV = 8500 / (1+10\%)^8$

$PV = 8500 / (1.1)^8$

$PV = 8500 / 2.144$

$PV = \text{Rs. } 3964.55$

91. Which of the following is the example of Administrative Cost?

Select correct option:

Depreciation

Advertising cost

Mark up on loan

Service charges of bank

92. Which of the following represents the meaning of turnover in accounting?

Select correct option:

Gross sale

Total profit

Total output

Total investment

93. Ordinary shares are also called:

?á Common shares

?á Common stock

?á Equity shares

?á **All of the given options**

94. If you plan to save Rs. 5,000 with a bank at an interest rate of 8%, what will be the worth of your amount after 4 years if interest is compounded annually?

?á Rs. 5,400

?á Rs. 5,900

?á Rs. 6,600

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?á **Rs. 6,802**

Here

$n = 4$

$i = 8\% \text{ p.a}$

PV= Rs. 5000

$FV = PV(1 + i)^n$

$FV = 5000 (1+8\%)^4$

$FV = 5000 (1.08)^4$

$FV = 5000(1.36)$

$FV = \text{Rs. } 6800$

95. What would be the present value of Rs. 17,000 to be received after 8 years at a discount rate of 10 percent?

?á **Rs. 7,931**

?á Rs. 15,981

?á Rs. 30,600

?á **Rs. 36,441**

$n=8$

$i=10\%$
 $f.v=17000$
 $PV = FV / (1 + i)^n$
 $p_v=17000/(1+10\%)^8$
7930

96. Depreciation calculation which is at a lesser amount for every following period:

?áReducing balance method

?áStraight line method

?áSum of digit method

?áOutput method

97. How many types of possible format are provided by IAS-1 for income statement?

?áTwo types of possible formats

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?áThree types of possible formats

?áFour types of possible formats

?áFive types of possible formats

98. What are the basic three key elements used to decide whether an intangible-fixed asset should be recognized in the accounts? 441132 You are advised to go through Lec# 8 for this concept.

Select correct option:

Control, identifiably & economic benefits

Control, marketability & materiality

Completion of development, control & identifiably

99. Which of the following is INCORRECT for equity of a Public Limited Company? Select correct option:

Equity = Total Assets – Total Liabilities

Equity = Share Capital + General Reserves + Revenue Reserves

Equity = Share Capital + Reserves

Equity = Share Premium + Reserves

100. Which of the following is/are TRUE about the Draft Financial Statements? 41125

Select correct option:

Draft statements are prepared by the accounts department

Draft statements are audited by the external auditors

Draft statements are put in front of the Board of Directors for approval

All of the given options

101. Which of the following can also be called shareholders fund?

441127

Select correct option:

Paid up capital

Called up capital

Subscribed capital

Equity

102. Which of the following is/are considered as expense by their nature with respect to IAS 01?

Select correct option:

Advertising costs

Depreciation expenses

Amortization expenses

All of the given options

Which of the following is/are NOT the example(s) of current liability?

Select correct option:

Sundry Debtors /trade debtors

Debentures

Loan given to Mr. A for shorter period

All of the given options

103. Which of the following is NOT considered as Non-cash item? 441119

Select correct option:

Depreciation

Amortization

Depletion

Stock

104. Which of the following is considered as inflow of cash?

Select correct option:

Re-purchase of shares

Redemption of debentures

Issuance of debentures

Payment of dividend

105. Which of the following is NOT considered as expense by their nature with respect to IAS 01?

Select correct option:

- Purchase of material
- Transportation costs**
- Employees benefits costs
- Cost of goods sold

106. Which of the following IAS covers the Debentures?

?áIAS 32 only

?áIAS 39 only

?áBoth IAS 32 and IAS 39

?áIAS 17

107. Which of the following is TRUE if the amount is transferred to General Reserves?

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?áReserves will be increased

?áRetain earnings will be decreased

?áNo effect on total equity

?áAll of the given options

Unsolved question for final terms

Mgt401 Unsolved Questio

108. Which of the following statement is/are INCORRECT under the Equity Method for recognition of investment in associated companies?

Select correct option:

- Any distribution of profits by the investee company is recorded as an income
- The carrying amount of the investment is increased or decreased to reorganize the distributor's share of profits or losses of the investee after the date of acquisition

The carrying amount of the investment is increased or decreased to reorganize the investor's share of profits or losses of the investee before the date of acquisition

All of the given options

109. **If an item that meets the definition of an element is recognized:**

Select correct option:

When it is possible that any future economic benefit linked with the item will flow to or from the entity.

When the element has cost or worth that can be measured reliably

When entity obtains control of the rights or obligations linked with the item.

When there is probable that any future economic benefit linked with the item will flow to or from the entity and the item has a cost or worth that can be measured reliably

110. **Which of the following is adjusted as working capital change in operating activities section of a cash flow statement?**

Select correct option:

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Decrease in trade receivable

Repayment of dividend

Payment of goodwill

Investment in associated companies

111. **Which of the following reflects the TRUE description of "Probable" with respect to IAS-37?**

Select correct option:

Future events are likely to occur.

The chance of the future event occurring is more than remote but less than likely.

The chance of future events occurring is slight.

Product guarantee or undertaking given by the seller to the buyer to compensate for any deficiency of quantity, quality or performance specification of a product.

112. **Which of the following is TRUE with respect to the application of Cash Flow Statement?**

Select correct option:

Sale of equipment for cash is considered as inflow of cash

Sale of equipment on account is considered as inflow of cash

Sale of equipment on credit is considered as inflow of cash

Sale of equipment for cash is considered as outflow of cash

Intention to complete development, economic benefits & identifiably

113. Ahmad & Co. changed LIFO method to FIFO method to account for its finished goods

inventory. Whether it is:

Select correct option:

Change in accounting policy

Prior period error

Change in accounting estimate

Irrelevant item with respect to IAS-08

114. Which of the following is not required to disclose as additional information when an entity decides to present its income statement on the basis of "Function of Expense" method?

Select correct option:

Depreciation expense

Director's remuneration

Employees' benefits expense

Amortization expense

116. Cash flow statement is designed to assist users in assessing all of the following except:

Select correct option:

Capability of the company to remain solvent

Company's profitability

Major source of cash receipts & payments during the period

Provide reason why net cash flow from operating activities fluctuate from net income

117. Which of the following organizations are required to issue a prospectus for raising capital?

Select correct option:

Public limited companies

Private limited companies

441134 You are advised to go through Lec# 25

Partnership firms
Sole traders

118. If issuance of debentures against cash is Rs. 3,000 and repurchase of shares of Rs. 4,000 then which of the following is correct?

Select correct option:

- Inflow of cash Rs. 7,000
- Outflow of cash Rs. 7,000
- Inflow of cash Rs. 1,000
- Outflow of cash Rs. 1,000

119. How many types of financial statements exist according to IAS-1?

Select correct option:

- 5
- 4
- 3
- 6

120. Which of the following is NOT related to the qualitative characteristics that make financial information useful? 441135 You are advised to go through Lec# 4 & 33.

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Reliability only
Relevancy only
Both Reliability and Relevancy
Understandability

121. Which of the following is TRUE about the changes due to issuance of bonus shares?

Select correct option:

- Decrease in reserves and surpluses
- Increase in reserves and surpluses
- Increase in working capital
- Decrease in working capital

122. Which of the following is TRUE about the meeting of directors?

¿a The quorum for a meeting of directors of listed company shall not be less than 1/3 of their member or four whichever is greater.

?á The quorum for a meeting of directors of listed company shall not be less than 1/3 of their member or four whichever is lower.

?á The quorum for a meeting of directors of listed company shall not be less than 1/2 of their member or four whichever is lower.

?á The quorum for a meeting of directors of listed company shall not be less than 1/2 of their member or four whichever is greater.

123. Which one of the following expenditure cannot be capitalized? 441136 You are advised to go through Lec # 19 & 20.

?á Initial composition cost

?á Cost of adding air conditioner to the computer room

?á Cost of adding extra RAM to computer

?á New tires placed on a motor car

124. Which of the following is an example of research activities with respect to Intangible Assets?

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?á Activities aimed at obtaining new knowledge

?á The design of tools, jigs, moulds and dies involving new technology

?á The design, construction and testing of pre-production or pre-use prototypes and models

?á The design, construction and operation of a pilot plant

125. Under which of the following circumstance(s), Trade Discount is granted?

?á When selling to a fellow trader

?á When the buyer is an old customer

?á When sales are made in bulk

?á All of the given options

126. If a manufacturer gives warranties at the time of sale to the purchaser of its products, under the terms of the contract for sale the manufacturer

undertakes to make good, by repair or replacement, manufacturing defects that become apparent within three years from the date of sale. On past experience, it is probable (i.e. more probable than not) that there will be some claims under the warranties. Then which of the following is TRUE with respect to IAS-37?

- ?á It gives rise to legal obligation.
- ?á It gives rise to constructive obligation.
- ?á It does not give rise to legal obligation.
- ?á It removes the legal obligation.

127.

A furnace has a lining that needs to be replaced every 5 years for technical reasons. At the balance sheet date, the lining has been in use for 3 years. Which of the following is TRUE with respect to IAS-37?

- ?á There is no present obligation
- ?á It gives rise to legal obligation.

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- ?á It gives rise to constructive obligation.
- ?á None of the given options

Question No: 21

Question No: 22

128. Which of the following is TRUE with respect to the issuance of shares?

- ?á Equity will be increased only
- ?á Share capital will be increased only
- ?á Both share capital and equity will be increased
- ?á Retain earning will be increased

Question No: 23

129. Which of the following is TRUE with respect to IAS-02?

?á Inventory valuation under periodic and perpetual methods is the same under FIFO

?á Inventory valuation under periodic and perpetual methods is the same under Moving Average Method

?á In period of rising prices FIFO method gives the Lowest net profit compared to LIFO method

?á In period of rising prices FIFO method gives the highest net profit compared to LIFO method

130. Which of the following statement is correct for Finance Lease?

?á The present value should be substantially equal the fair value of the asset

?á The present value should always greater than the fair value of the asset

?á The present value should always less than the fair value of the asset

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?á There is no relationship between the present value and fair value of asset

131. Debt Instruments issued for a long term by governments, financial institutions and companies for raising long term loans are called?

?á Options

?á Debentures

?á Shares

?á Securities

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Click here to Save Answer & Move to Next Question

Which of the following is considered as Non-cash item?

Select correct option:

☐ Depletion

☐ Accrued income

☐ Outstanding liabilities

☐ Outstanding assets

Click here to Save Answer & Move to Next Question

Page 1 Sec 1 1/7 At Ln Col REC TRK EXT OVR English (U.S)

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Which of the following is the basis for the recognition of Revenue?

Select correct option:

☐ Interest shall be recognized using effective interest method as set out in IAS 39

☐ Interest shall be recognized using effective interest method as set out in IAS 38

☐ Interest shall be recognized using effective interest method as set out in IAS 07

☐ Interest shall be recognized using effective interest method as set out in IAS 01

Click here to Save Answer & Move to Next Question

The financial charges calculated at the interest rates implicit in the lease and are charged to:

Select correct option:

7:50 AM

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Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

▶ Select correct option:

☐ Research

☐ Development

☐ Audit

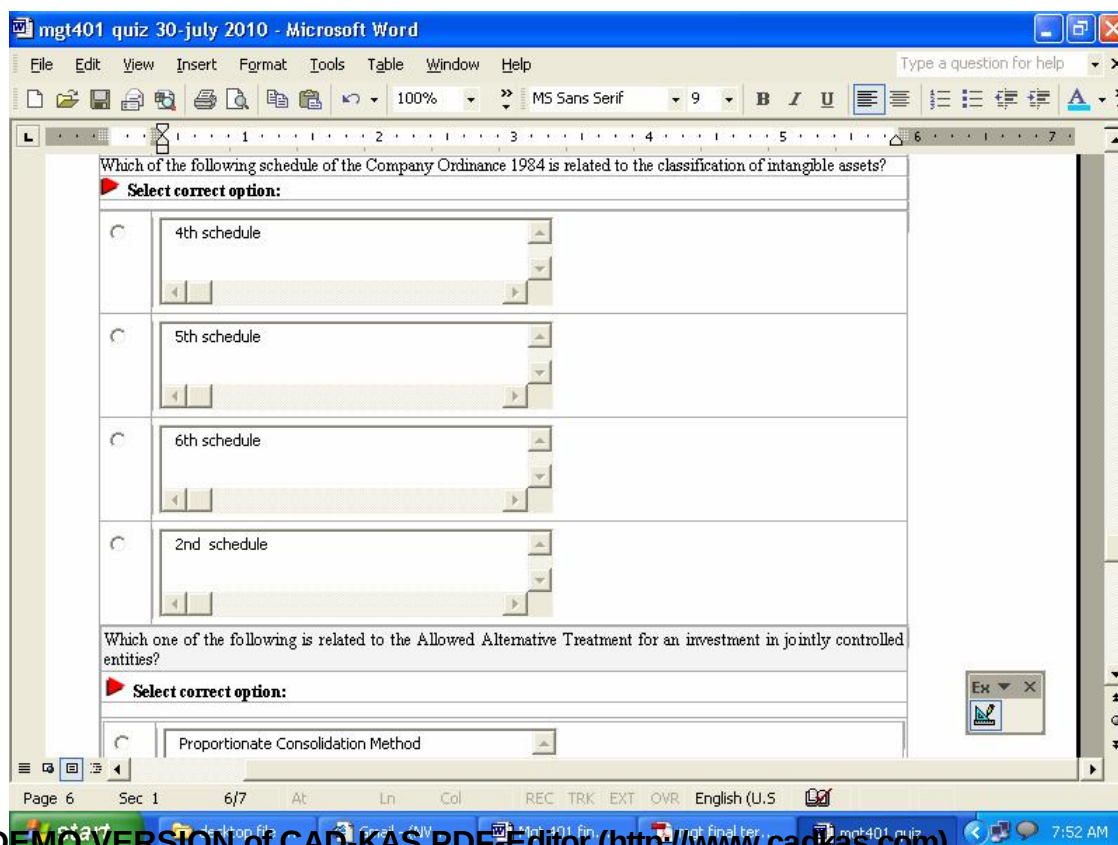
☐ Accounting

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Which one of the following is related to IAS 32 & 39?

Page 4 Sec 1 4/7 At Ln Col REC TRK EXT OVR English (U.S)

7:51 AM



Made by: Armaan Makhani

MGT 401 Quizzes
Before Midterm Lec 1 to 18
14 to 24th may, 2010

1. Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Cash Balance
Bank Balance
Premises
Marketable Securities

2. Written down value of an asset = _____

Select correct option:

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

3. Which of the following entities is not profit oriented entity?

Select correct option:

Sole - proprietorship

Partnership

Companies

Foundations

4. All of the following are Fixed assets EXCEPT:

Select correct option:

Machinery

Freehold land

Leasehold land

Marketable securities

Select correct option:

20

15

10

02

6. Question # 6 of 15 (Start time: 04:59:10 PM) Total Marks: 1

Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Stock

General Stores

Spare parts

Bank over draft

7. Question # 7 of 15 (Start time: 05:00:37 PM) Total Marks: 1

Which of the following IAS deals with Inventories?

Select correct option:

IAS 38

IAS 23

IAS 02

IAS 16

8. Which one of the following is related to IAS 32 & 39?

Select correct option:

Property, Plant & Equipment

Inventory

Financial Statements

Financial Instruments

9.

Question # 9 of 15 (Start time: 05:02:58 PM) Total Marks: 1

IAS-16 deals with:

Select correct option:

Property, Plant and Equipment

Cash Flow Statement

Presentation of Financial Statements

Earning per share

10. Which of the following meeting is held once in the life of a company?

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Statutory Meeting

Annual General Meeting

Extraordinary Meeting

Board Meeting

11. Question # 11 of 15 (Start time: 05:05:02 PM) Total Marks: 1

Which of the following is NOT a Qualifying Asset?

Select correct option:

Power plant being in the process of manufacture

Inventories requiring a substantial period for manufacturing

Special order for a special inventory that will be manufactured in 5 months

Asset ready for use

12. Question # 12 of 15 (Start time: 05:06:24 PM) Total Marks: 1

Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Select correct option:

Research

Development

Audit

Accounting

13. Which of the following IAS deals with the Intangible Assets?
Select correct option:

IAS 38

IAS 23

IAS 01

IAS 16

Question # 14 of 15 (Start time: 05:08:00 PM) Total Marks: 1

Which of the following is/are the type(s) of stock for manufacturing concerns?
Select correct option:

Raw Material

Work in Process

Finished Goods

All of the given options

Question # 15 of 15 (Start time: 05:09:48 PM) Total Marks: 1

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Which of the following is NOT a Fixed Asset?
Select correct option:

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

14. All of the following are Fixed assets EXCEPT:
Select correct option:

Machinery

Freehold land

Leasehold land

Marketable securities

15. Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?
Select correct option:

4th schedule

5th schedule

6th schedule
2nd schedule

16. **Which of the following investment are recorded using Cost Method?**
Select correct option:

Investments made for longer period

Investments made for shorter period
Investments made for shorter and longer period
None of the given options

17. **An enterprise would be the subsidiary of another enterprise if that investor enterprise can control the subsidiary represents:**
Select correct option:

Subsidiary Companies

Holding Companies
Public Limited Companies
Private Limited Companies

18. **Which of the following is NOT the method of stock valuation?**
Select correct option:

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FIFO Method
Weighted Average Method
Specific Identification Method
Straight Line Method

19. **Which of the following IAS is related to the Consolidated and Separate Financial Statements?**
Select correct option:

IAS 27
IAS 28
IAS 31
IAS 32

Which one of the following is a method of stock valuation?
Select correct option:

Diminishing Balance Method
Written Down Value Method
Specific Identification Method
Sum of Year Digit Method

20. Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?

Select correct option:

Applied research
Development
Business research
Accounting

21. What is the treatment of Depreciation in accounting?

Select correct option:

Treated as a reserve
Treated as an expense
Treated as a surplus
Treated as a Liability

22. Which of the following is/are example(s) of development activities?

Select correct option:

The design of tools, jigs, moulds and dies involving new technology
The design, construction and testing of pre-production or pre-use prototypes and models
The design, construction and operation of a pilot plant
All of the given options

23. Which of the following is/are the method(s) for calculating the cost of inventory?

Select correct option:

FIFO Method
Weighted Average Method
Specific Identification Method
All of the given options

24. Which of the following is (are) related with the IAS 23?

Select correct option:

Qualifying Assets
Amount to be capitalized related to the Borrowing cost
Capitalization period related to the Borrowing cost
All of the given options

25. Partnership firm has a maximum ____ numbers of partners.

Select correct option:

20

15

10

02

26. **Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?**

Select correct option:

Section 157

Section 158

Section 159

Section 160

27. **Which of the following may consist of more than 20 persons in case of partnership?**

Select correct option:

Firms of Lawyers

Firms of Doctors

Firms of Associates

All of the given options

Mgt 401 quiz 3 May 13, 2010 before Midterm

28. **Which one of the following is related to the Allowed Alternative Treatment for an investment in jointly controlled entities?**

Proportionate Consolidation Method

Equity Method

Weighted Average Method

Sum of Year Digit Method

IAS-16 deals with:

Select correct option:

Property, Plant and Equipment

Cash Flow Statement

Presentation of Financial Statements

Earning per share

29. **Companies are registered under:**
Select correct option:

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

30. **Which of the following business is formed by the approval of Stock Exchange?**
Select correct option:

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Brockage House

31. **to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?**
Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

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32. **ijeeb191: Which of the following IAS deals with the Borrowing Costs?**
Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

33. **ijeeb191: Which one of the following is the type of stock for trading concerns?**
Select correct option:

Raw Material

Work in Process

Finished Goods

Stock in Trade

me: d

34. **ijeeb191: What is the meeting requirement for the directors of a Public Limited Company?**
Select correct option:

At least once in each quarter

At least once in each month
At least once in each year
At least once in each week

35. **ijeeb191:** of the following represent(s) the Prime Cost?
Select correct option:

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

36. **ijeeb191:** Which of the following is/are example(s) of development activities?
Select correct option:

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

The design, construction and operation of a pilot plant

All of the given options

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37. **ijeeb191:** Which of the following IAS deals with the Intangible Assets?
Select correct option:

IAS 38

IAS 23

IAS 01

IAS 16

38. **ijeeb191:** Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?
Select correct option:

Building

Land

Premises

Marketable Securities

39. **ijeeb191:** Which of the following is/are example(s) of research activities?
Select correct option:

ijeeb191: Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options

- 40. ijeeb191: Which one of the following type(s) of information is(are) available in 4th and 5th schedule of the Companies Ordinance 1984?**

Select correct option:

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

- 41. ijeeb191: Which one of the following IAS is related to the Interest in Joint Venture?**

Select correct option:

IAS 27

IAS 28

IAS 31

IAS 32

- 42. Which of the following fixed asset is shown at cost rather than book value?**

Machinery

Furniture

Vehicles

Land

- 43. Which of the following is an example of Capital Expenditure**

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

- 44. Which of the following methodology is adopted for the valuation of investments in associated companies?**

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

:

- 45. In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the _____ of the old asset.**

Carrying value

Fair value
Future value
Salvage Value

46. Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost
Total Factory Cost – Factory Overheads
Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

47. Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures
Assets that are not currently in use because of excess capacity
Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

48. Which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Debentures

Deferred Taxation
Obligation Under Finance Lease
All of the given options

49. Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount
Cash Discount
Purchases return
Sales return

50. The term “Significant Influence” refers to the:

Ability to participate but not to control financial and management affairs of the enterprise

Ability to participate and control financial and management affairs of the enterprise
Neither to control nor to participate in financial affairs of the enterprise
None of the given options

Qiz 5 and 6

51. Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount
Purchases return
Sales return

52. Which of the following entities is profit oriented entity?

NGOs
Trust
Societies

Sole - proprietorship

53. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Loans and Advances
Bank Balance

All of the given

54. What is the treatment of Accumulated Depreciation in accounting?

Treated as a reserve
Treated as a contra asset
Treated as a surplus

Treated as an expense

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: experince

55. Which of the following IAS deals with Inventories?

IAS 38
IAS 23

IAS 02

56. Which one of the following is NOT the component of cost?

Import duties
Installation costs

Cost of site preparation

Transportation outwards

57. What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus
Treated as a Liability

58. **Which one of the following is related to the Benchmark Treatment for an investment in jointly controlled entities?**

Proportionate Consolidation Method

Equity Method
LIFO Method
Specific Identification Method

59. **Which of the following is/are NOT the example(s) of Financial Asset?**

Minority interest
Sale of goods
Purchases of goods

All of the given options

60. **Which one of the following is a fixed asset?**

Cash in hand
Advanced payment
Closing stock

Leasehold vehicle

61. **Which of the following is an example of Capital Expenditure?**

Wages paid on the purchases of goods
Carriage paid on the purchases of goods
Transportation paid on machinery purchased
Octroi duty paid on goods

62. **All of the following are Fixed assets EXCEPT:**

Machinery
Freehold land
Leasehold land

Marketable securities

63. **Which of the following IAS deals with the Borrowing Costs?**

IAS 23

IAS 07
IAS 01
IAS 16

64. Which of the following IAS deals with the Borrowing Costs?

IAS 23

IAS 07

IAS 01

IAS 16

65. Which of the following is INCORRECT with respect to Perpetual Inventory System?

Receipt of inventory is debited to Stock Account

Issuance of inventory is Credited to Stock Account and Debited to Material

Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

66. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Stock

Cash Balance

Finished Goods

All of the given options

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67. : Which of the following is an identifiable non-monetary asset without physical substance?

Tangible Asset

Intangible Asset

Floating Asset

Circulating Asset

68. : Which of the following represent(s) the Cost of goods sold?

Sales – Gross Profit

Opening Stock + Purchases – Closing Stock

Cost of goods Manufactured + Opening Finished Goods Inventory – Closing Finished Goods Inventory

All of the given options

69. Which of the following is(are) example(s) of Borrowing costs?

Interest on bank overdrafts

Interest on short-term borrowings

Interest on long-term borrowings

All of the given options

Mgt 401 quiz 7

70. Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

71. Which of the following is INCORRECT with respect to Perpetual Inventory System?

Receipt of inventory is debited to Stock Account

Issuance of inventory is Credited to Stock Account and Debited to Material Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

72. Which of the following IAS deals with the Associated Companies?

Changed with the DEMO VERSION of CAD-KAS PDF-Editor (<http://www.cadkas.com>).

IAS 27

IAS 28

IAS 01

IAS 07

73. Which of the following fixed asset is shown at cost rather at book value?

Machinery

Furniture

Vehicles

Land

74. Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

75. Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use
Assets intended for sale or use that are produced as discrete projects

!~Mishel~!: 1??

76. 8:52 PM Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Qualifying Asset

Outstanding Asset

Tangible Asset

Intangible Asset

77. Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

78. Which of the following business is formed by the approval of State Bank of Pakistan?

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Brockage House

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79. If Original cost is Rs. 100,000; Depreciation rate is 20% p.a. using straight line method; what will be the value of accumulated depreciation at the end of 2nd year?

Rs.20,000

Rs. 40,000

Rs. 80,000

Rs. 60,000

80. Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

81. Which one of the following is related to the IAS 39?

Consolidated and Separate Financial Statements

Interest in Joint Venture

Financial Instruments Disclosure and Presentation

Financial Instruments Recognition and Measurement

82. Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

financial management2 lec 1 to 18 quiz file

83. Which of the following is TRUE with respect to the disclosure requirements of Trade Debts?

Select correct option:

Doubtful debts is deducted from the Provision for doubtful debts

Doubtful debts and its Provision is shown separately as asset

Provision for doubtful debts is not taken into consideration

None of the given options

84. Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

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85. If Manufacturing Cost is Rs. 30,000 Opening Work in Process Inventory is Rs. 5,000 •Closing Work in Process Inventory is Rs. 10,000 Then: What is the amount of Cost of Goods Manufactured?

Select correct option:

Rs. 35,000

Rs. 25,000

Rs. 15,000

Rs. 20,000

86. Which of the following is/are the physical asset(s)?

Select correct option:

Term Finance Certificates

Loan Agreements

Trade Receivables

All of the given options

87. Which of the following methodology is adopted for the valuation of investments held to maturity?

Select correct option:

Proportionate Consolidation or Equity Method

At cost or Under IAS 39

At amortized cost
At fair value

- 88. In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the _____ of the old asset.**

Select correct option:

Carrying value
Fair value
Future value
Salvage Value

- 89. All of the following are Fixed assets EXCEPT:**

Select correct option:

Machinery
Freehold land
Leasehold land
Marketable securities

- 90. If the holding company owns more than 50% but less than 100% shares of the subsidiary company then the subsidiary type will be termed as:**

Select correct option:

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Partially owned subsidiary
Wholly owned subsidiary
Direct subsidiary
Indirect subsidiary

- 91. Which of the following is NOT related to the qualitative characteristics that make financial information useful?**

Select correct option:

Reliability only
Relevancy only
Both Reliability and Relevancy
Understandability

- 92. 5:57 PM Which of the following sections of the Companies Ordinance 1984 is related to the Statutory Meeting?**

Select correct option:

Section 157
Section 158
Section 159
Section 160

93. Which of the following sections of the Companies Ordinance 1984 is related to the Statutory Meeting?

Select correct option:

Section 157

Section 158

Section 159

Section 160

94. Under which of the following assumptions, the Financial Statements are to be prepared?

Select correct option:

Future assumption

Past assumption

Accrual basis and Going concern assumptions

Accrual basis assumption only

95. What will be the Book value of asset if its Original cost is Rs. 100,000; Accumulated depreciation is Rs. 40,000; and Depreciation for the year is Rs. 20,000?

Select correct option:

Rs. 140,000

Rs. 160,000

Rs. 80,000

Rs. 60,000

96. Which one of the following type(s) of information is(are) available in 4th and 5th schedule of the Companies Ordinance 1984?

Select correct option:

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

97. Which of the following is an example of Revenue Expenditure?

Select correct option:

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

A second-hand car was purchased for Rs. 7,000 and Rs. 5,000 were spent for its repairs and overhauling

An additional room was constructed at a cost of Rs. 15,000

98. Which of the following IAS deals with Revaluation of Assets?
Select correct option:

IAS 16

IAS 07

IAS 01

IAS 23

99. If the holding company owns marginally less than 100% shares of the subsidiary company then the subsidiary type will be termed as:
Select correct option:

Partially Owned Subsidiary

Wholly Owned Subsidiary

Virtually Wholly Owned Subsidiary

Indirect Subsidiary

100. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?
Select correct option:

Cash Balance

Loans and Advances

Bank Balance

All of the given options

101. 6:20 Which of the following is NOT a Qualifying Asset?
Select correct option:

Power plant being in the process of manufacture

Inventories requiring a substantial period for manufacturing

Special order for a special inventory that will be manufactured in 5 months

Asset ready for use

102. 6:21 If the holding company owns more than 50% but less than 100% shares of the subsidiary company then the subsidiary type will be termed as:
Select correct option:

Partially Owned Subsidiary

Wholly Owned Subsidiary

Direct Subsidiary

Indirect Subsidiary

103. Which one of the following is NOT recorded under Equity section of the Balance Sheet?

Select correct option:

Share Premium
Share Capital
Accumulated Profit
Dividend Payable

104. **Preparation and presentation of Financial Statements are governed by:**
Select correct option:

Companies Ordinance 1984
International Accounting Standards
International Financial Reporting Standards
All of the given options

105. **Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?**
Select correct option:

Cash Balance
Bank Balance
Premises
Marketable Securities

106. **Which one of the following methods for inventory valuation is NOT suitable for homogeneous units?**
Select correct option:

FIFO Method
LIFO Method
Weighted Average Method
Specific Identification Method

107. **Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?**
Select correct option:

Applied research
Development
Business research
Accounting

108. Which of the following is NOT the type of Market Risk?

Select correct option:

Price Risk

Liquidity Risk

Interest Rate Risk

Currency Risk

109. Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Select correct option:

Research

Development

Audit

Accounting

110. 6:31 Which one of the following is related to IAS 32 & 39?

Select correct option:

Property, Plant & Equipment

Inventory

Financial Statements

Financial Instruments

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111. Which one of the following is NOT the component of cost?

Select correct option:

Import duties

Installation costs

Cost of site preparation

Transportation outwards

112. Which of the following is the type of business owned by one person?

Select correct option:

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

113. Which one of the following is(are) recorded under the Equity section of the Balance Sheet?

Select correct option:

Share Premium

Reserves

Accumulated Profit

All of the given options

114. According to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

115. Which of the following asset is not an example of Intangible Fixed Assets?

Select correct option:

Vehicles

Good Will

Copyrights

Trade Marks and Designs

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116. Which of the following represents the Qualifying Asset?

Select correct option:

Inventory routinely manufactured

Asset ready for use

Manufacturing plants

None of the given options

117. A Private limited company can be formed at least by:

Select correct option:

2 members

3 members

1 member

07 members

118. Which one of the following is an example of Financial Asset?

Select correct option:

Inventories

Patent rights

Goodwill

Accounts receivable

- 119. Which of the following option is/are TRUE with respect to the Disclosure requirement for intangible assets acquired by the way of Government grants?
Select correct option:**

The fair value initially recognized

Disclosure for carrying amount

Disclosure for the amount of commitments for acquisition of intangible assets

All of the given options

- 120. If stock valuation method is changed every year by the firm, which concept the firm has violated?
Select correct option:**

The materiality concept

The consistency concept

The prudence concept

The going concern concept

- 121. Which of the following is an example of Revenue Expenditure?
Select correct option:**

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

A second-hand car was purchased for Rs. 7,000 and Rs. 5,000 were spent for its repairs and overhauling

An additional room was constructed at a cost of Rs. 15,000

- 122. Question # 14 of 15 (Start time: 01:51:03 PM) Total Marks: 1
Which of the following sections of Companies Ordinance 1984 are related to the Non Profit oriented entities?
Select correct option:**

Section 42

Section 43

Section 44

Section 45

- 123. Which of the following may result for an inability to sell a financial asset quickly at close to its fair value?
Select correct option:**

Price Risk

Liquidity Risk

Interest Rate Risk

Currency Risk

124. Which of the following schedule of the Company Ordinance 1984 is related to the classification of intangible assets?

Select correct option:

4th schedule

5th schedule

6th schedule

2nd schedule

125. The closing stock will be shown under the head of _____ in Balance Sheet.

Select correct option:

Non current Assets

Current Assets

Intangible Assets

Tangible Assets

126. Which of the following is another name for Authorized Capital of a company?

Select correct option:

Nominal Capital

Issued Capital

Subscribed Capital

Paid up Capital

127. Which of the following is/are excluded from Financial Assets?

Select correct option:

Physical Assets

Inventories

Prepaid expenses

All of the given options

128. Which of the following IAS is related to the Consolidated and Separate Financial Statements?

Select correct option:

IAS 27

IAS 28

IAS 31

IAS 32

129. Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Building

Land

Premises

Marketable Securities

130. Which of the following statement shows the financial position of the business?

Select correct option:

Cash Flows Statement

Income Statement

Balance Sheet

Statement of Owner's equity

131. According to the Benchmark Treatment, Which of the following method is used for stock valuation?

Select correct option:

FIFO Method or LIFO Method

LIFO Method

FIFO or Weighted Average Method

Specific Identification Method

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132. If the holding company owns 100% shares of the subsidiary company then the subsidiary type will be termed as:

Select correct option:

Partially Owned Subsidiary

Wholly Owned Subsidiary

Direct Subsidiary

Indirect Subsidiary

133. Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

134. What is the maximum number of shareholders allowed for a Public Limited Company?

Select correct option:

20

50

10

Unlimited

135. Which of the following is/are equal to “Capital”?

Net Assets

Assets – Liabilities

Net worth of the firm

All of the given options

136. Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction?

Depreciable Amount

Fair Value

Cost

Carrying Amount

2

137. Which of the following asset is NOT an example of Tangible Fixed Assets?

Patent rights

Furniture

Vehicles

Machinery

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138. Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?

4th schedule

5th schedule

6th schedule

2nd schedule

139. Which one of the following schedule provides disclosure requirements for Non-Listed Companies under Companies Ordinance 1984?

4th schedule

5th schedule

6th schedule

2nd schedule

140. in case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the ----- of the old asset.

Carrying value

Fair value

Future value
Salvage
value

141. Which of the following is NOT an accounting concept?

Prudence
Going concern
Depreciation

Matching

142. Depreciation is:

A systematic allocation of depreciable amount of an asset over its estimated useful life
The end life of an asset
The increase in value of asset
Another name of Impairment

143. Which of the following statement shows the financial position of the business?

Cash Flows Statement
Income Statement
Balance Sheet
Statement of Owner's equity

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144. Which of the following represents the interest and other costs incurred by an entity in connection with the borrowing of funds?

Loan
Interest on borrowed money paid during the period
Outstanding interest on borrowed money
Borrowing Costs

145. When we see the capital with Production capacity or operating capability of the enterprise then it called:

The financial concept of capital maintenance
The physical concept of capital maintenance
Both physical and financial concept of capital maintenance
Neither physical nor financial concept of capital maintenance

146. Which of the following is/are example(s) of research activities?

Activities aimed at obtaining new knowledge
The search, evaluation, final selection and application of research findings
The search for alternatives
All of the given options

147. which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Select correct option:

Debentures

Deferred Taxation

Obligation Under Finance Lease

All of the given options

148. Which of the following section of the Companies Ordinance 1984 deals with Revaluation of Fixed Assets?

Select correct option:

Section 235

Section 236

Section 237

Section 238

149. Which of the following IAS affect(s) the recognition, presentation and discourse of fixed assets in financial statements?

Select correct option:

IAS 01

IAS 16

IAS 23

All of the given options

1. Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Bank Balance

Premises

Marketable Securities

2. Written down value of an asset = _____

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

3. Which of the following entities is not profit oriented entity?

Sole - proprietorship

Partnership

Companies

Foundations

4. All of the following are Fixed assets EXCEPT:

Machinery

Freehold land

Leasehold land

Marketable securities

5. A Partnership firm has a maximum ____ numbers of partners.

20 mgt211 page 23

15

10

02

6. Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Stock

General Stores

Spare parts

Bank over draft

7. Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

8. Which one of the following is related to IAS 32 & 39?

Property, Plant & Equipment

Inventory

Financial Statements

Financial Instruments

9. IAS-16 deals with:

Property, Plant and Equipment

Cash Flow Statement

Presentation of Financial Statements

Earning per share

10. Which of the following meeting is held once in the life of a company? vuzs

Statutory Meeting

Annual General Meeting

Extraordinary Meeting

Board Meeting

11. Which of the following is NOT a Qualifying Asset?

Power plan being in the process of manufacture
Inventories requiring a substantial period for manufacturing
Special order for a special inventory that will be manufactured in 5 months
Asset ready for use

12. Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research
Development
Audit
Accounting

13. Which of the following IAS deals with the Intangible Assets?

IAS 38
IAS 23
IAS 01
IAS 16

14. Which of the following is/are the type(s) of stock for manufacturing concerns?

Raw Material
Work in Process
Finished Goods
All of the given options

15. Which one of the following is a method of stock valuation?

Diminishing Balance Method
Written Down Value Method
Specific Identification Method
Sum of Year Digit Method

16. All of the following are Fixed assets EXCEPT:

Machinery
Freehold land
Leasehold land
Marketable securities

17. Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?

4th schedule
5th schedule
6th schedule
2nd schedule

18. Which of the following investment are recorded using Cost Method?

Investments made for longer period
Investments made for shorter period page 43
Investments made for shorter and longer period
None of the given options

19. An enterprise would be the subsidiary of another enterprise if that investor enterprise can control the subsidiary represents:

Subsidiary Companies
Holding Companies
Public Limited Companies
Private Limited Companies

20. Which of the following is NOT the method of stock valuation?

FIFO Method
Weighted Average Method
Specific Identification Method
Straight Line Method

21. Which of the following IAS is related to the Consolidated and Separate Financial Statements?

IAS 27

IAS 28

IAS 31

IAS 32

22. Which one of the following is a method of stock valuation?

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

23. Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?

Applied research

Development

Business research

Accounting

24. What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

25. Which of the following is/are example(s) of development activities?

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

The design, construction and operation of a pilot plant

All of the given options

26. Which of the following is/are the method(s) for calculating the cost of inventory?
vuzs

FIFO Method
Weighted Average Method
Specific Identification Method
All of the given options

27. Which of the following is (are) related with the IAS 23?

Qualifying Assets
Amount to be capitalized related to the Borrowing cost
Capitalization period related to the Borrowing cost
All of the given options page 30

28. Partnership firm has a maximum ____ numbers of partners.

20
15
10
02

29. Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?

Section 157
Section 158
Section 159
Section 160

30. Which of the following may consist of more than 20 persons in case of partnership?

Firms of Lawyers
Firms of Doctors
Firms of Associates
All of the given options

31. Which one of the following is related to the Allowed Alternative Treatment for an investment in jointly controlled entities?

Proportionate Consolidation Method
Equity Method

Weighted Average Method
Sum of Year Digit Method

32. **IAS-16 deals with:**

Property, Plant and Equipment

Cash Flow Statement
Presentation of Financial Statements
Earning per share

33. **Companies are registered under:**

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement
Income Tax Ordinance 1979

34. **To the Allowed Alternative Treatment, Which of the following method is used for stock valuation?**

FIFO Method

LIFO Method page 48

Weighted Average Method
Specific Identification Method

35. **Which of the following IAS deals with the Borrowing Costs?**

IAS 23

IAS 07

IAS 01

IAS 16

36. **Which one of the following is the type of stock for trading concerns?**

Raw Material

Work in Process

Finished Goods

Stock in Trade

37. **What is the meeting requirement for the directors of a Public Limited Company?**

At least once in each quarter

At least once in each month

At least once in each year

At least once in each week

38. **Which of the following represent(s) the Prime Cost?**

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

39. **Which of the following is/are example(s) of development activities?**

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

All of the given options

40. **Which of the following IAS deals with the Intangible Assets?**

IAS 38

IAS 23

IAS 01

IAS 16

41. **Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?**

Building

Land

Premises

Marketable Securities

42. Which of the following is/are example(s) of research activities?

Select correct option:

Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options

43. Which one of the following type(s) of information is(are) available in 4th and 5th schedule of the Companies Ordinance 1984?

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

44. Which one of the following IAS is related to the Interest in Joint Venture?

IAS 27

IAS 28

IAS 31

IAS 32

45. Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

46. Which one of the following is(are) recorded under the Equity section of the Balance Sheet?

Share Premium

Reserves

Accumulated Profit

All of the given options

47. Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

48. Which one of the following is NOT recorded under Equity section of the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

49. Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

50. Which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Debentures

Deferred Taxation

Obligation Under Finance Lease

All of the given options

51. Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

52. Which of the following is NOT the method of stock valuation?

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

53. Which of the following section of the Companies Ordinance 1984 deals with Revaluation of Fixed Assets?

Section 235

Section 236

Section 237

Section 238

54. Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

55. Partnership firms are registered under which of the following?

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

56. Written down value of an asset = -----

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

57. Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

58. Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

59. Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount

Purchases return

Sales return

60. Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

61. Which of the following is INCORRECT with respect to Perpetual Inventory System?

Receipt of inventory is debited to Stock Account

Issuance of inventory is Credited to Stock Account and Debited to Material Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

62. Which of the following IAS deals with the Associated Companies?

IAS 27

IAS 28

IAS 01

IAS 07

63. Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

64. Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

65. Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Qualifying Asset

Outstanding Asset

Tangible Asset

Intangible Asset

66. Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

67. If Original cost is Rs. 100,000; Depreciation rate is 20% p.a. using straight line method; what will be the value of accumulated depreciation at the end of 2nd year?

Rs. 20,000

Rs. 40,000

Rs. 80,000

Rs. 60,000

68. Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

69. Which one of the following is related to the IAS 39?

Consolidated and Separate Financial Statements

Interest in Joint Venture

Financial Instruments Disclosure and Presentation

Financial Instruments Recognition and Measurement

70. Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

71. Which of the following is an example of Capital Expenditure?

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

72. Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

73. In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the _____ of the old asset.

Carrying value

Fair value

Future value

Salvage Value

74. Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

75. Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

76. Which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Debentures

Deferred Taxation

Obligation Under Finance Lease

All of the given options

77. Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

78. The term “Significant Influence” refers to the:

Ability to participate but not to control financial and management affairs of the enterprise

Ability to participate and control financial and management affairs of the enterprise

Neither to control nor to participate in financial affairs of the enterprise

None of the given options

79. Which of the following asset is not an example of Intangible Fixed Assets?

Vehicles

Good Will

Copyrights

Trade Marks and Designs

80. Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount

Purchases return

Sales return

81. Which of the following entities is profit oriented entity?

NGOs

Trust

Societies

Sole - proprietorship

82. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Loans and Advances

Bank Balance

All of the given

83. Which of the following is INCORRECT with respect to Perpetual Inventory System?

Receipt of inventory is debited to Stock Account

Issuance of inventory is Credited to Stock Account and Debited to Material Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

84. Which of the following statement is/are INCORRECT under the Cost Method for recognition of investment in associated companies?

Any distribution of profits by the investee company is recorded as an expense

Any distribution of profits by the investor company is recorded as an income

The carrying amount of the investment is increased or decreased to reorganize the investor's share of profits or losses of the investee after the date of acquisition

All of the given options

85. Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Bank Balance

Premises

Marketable Securities

86. What is the treatment of Accumulated Depreciation in accounting?

Treated as a reserve

Treated as a contra asset

Treated as a surplus

Treated as an expense

87. According to the Prudence concept, Stock should be included in Balance Sheet at:

Cost

Its net Realizable value

Lower of its total cost Or its total net realizable value

Higher of its total

88. Which of the following IAS deals with Inventories?

Select correct option:

IAS 38

IAS 23

IAS 02

IAS 16

89. Which one of the following is NOT the component of cost?

Select correct option:

Import duties

Installation costs

Cost of site preparation

Transportation outwards

90. What is the treatment of Depreciation in accounting?

Select correct option:

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

91. Which one of the following is related to the Benchmark Treatment for an investment in jointly controlled entities?

Select correct option:

Proportionate Consolidation Method

Equity Method

LIFO Method

Specific Identification Method

92. Which of the following is/are NOT the example(s) of Financial Asset?

Select correct option:

- Minority interest
Sale of goods
Purchases of goods
All of the given options
93. Which one of the following is a fixed asset?
Select correct option:
Cash in hand
Advanced payment
Closing stock
Leasehold vehicle
94. Which of the following is an example of Capital Expenditure?
Select correct option:
Wages paid on the purchases of goods
Carriage paid on the purchases of goods
Transportation paid on machinery purchased
Octroi duty paid on goods
95. All of the following are Fixed assets EXCEPT:
Select correct option:
Machinery
Freehold land
Leasehold land
Marketable securities
96. Which of the following IAS deals with the Borrowing Costs?
Select correct option:
IAS 23
IAS 07
IAS 01
IAS 16
97. Which of the following is INCORRECT with respect to Perpetual Inventory System?
Select correct option:
Receipt of inventory is debited to Stock Account
Issuance of inventory is Credited to Stock Account and Debited to Material Consumption Account
Receipt of inventory is debited to Purchase Account
Material Consumption Account becomes the part of Trading Account
98. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?
Select correct option:

- Stock
Cash Balance
Finished Goods
All of the given options
99. Which of the following is an identifiable non-monetary asset without physical substance?
Select correct option:
Tangible Asset
Intangible Asset
Floating Asset
Circulating Asset
100. Which of the following represent(s) the Cost of goods sold?
Select correct option:
Sales – Gross Profit
Opening Stock + Purchases – Closing Stock
Cost of goods Manufactured + Opening Finished Goods Inventory – Closing Finished Goods Inventory
All of the given options
101. Which of the following is(are) example(s) of Borrowing costs?
Select correct option:
Interest on bank overdrafts
Interest on short-term borrowings
Interest on long-term borrowings
All of the given options
102. If the holding company owns more than 50% but less than 100% shares of the subsidiary company then the subsidiary type will be termed as:
Select correct option:
Partially owned subsidiary
Wholly owned subsidiary
Direct subsidiary
Indirect subsidiary
103. Which of the following represent(s) the Prime Cost?
Direct Material Cost + Direct Labor
Cost Total Factory Cost – Factory Overheads
Conversion Cost – Factory Overheads + Direct Material Costs
All of the given options
104. If stock valuation method is changed every year by the firm, which concept the firm has violated?
The materiality concept
The consistency concept

The prudence concept
The going concern concept

105. Which one of the following is TRUE with respect to “FIFO” in inventory valuation?

First-In-First-Out

First-In-Freight-Out

Freight-In-First-Out

Freight-In-Freight-Out

106. Concept of Related Parties is defined in
Companies Ordinance 1984
IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

107. What is the meeting requirement for the directors of a Public Limited Company?

At least once in each quarter

At least once in each month

At least once in each year

At least once in each week

108. Companies are registered under:
Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

109. Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

110. Which of the following is/are the physical asset(s)?

Term Finance Certificates

Loan Agreements

Trade Receivables

All of the given options

111. Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

112. If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

The prudence concept

The going concern concept

113. Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

114. Which one of the following is NOT recorded under of Equity section the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

115. Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost

Carrying Amount

116. Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

117. Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development

Audit

Accounting

118. Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

119. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Loans and Advances

Bank Balance

All of the given options

120. Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

121. Which one of the following is the example of non-profit oriented organization:

NGO's

Trusts

Societies

All of the given options

122. Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

123. The amount by which the carrying amount of an asset exceeds its recoverable amount is called as:

Impairment loss

Residual value

Depreciation

Fair value

124. Which of the following are the examples of development activities?

Design, construction and testing of pre-production models

Design of tools, jigs moulds dies, involving new technology

Design, construction and operation of pilot plan

All of the given options

125. Investments made for long term in associated companies, is recorded using _____ method of recognition and shown separately in the balance sheet as long-term assets.

Equity

Cost

Both Cost and Equity

None of the given options

126. Costs of purchase of Inventories comprising which of the following:

Purchase price

Import duties and other taxes

Transport less trade discount, rebate and other similar amounts

All of the given options

127. Under Benchmark Treatment IAS-2, does not recommend the following method of stock valuation for incorporating its value in financial statement.

FIFO method

The weighted average cost method

LIFO method

None of the given options

128. A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called _____.

Joint Venture

Subsidiary Companies

Associated Companies

None of the given options

129. A complete set of financial statement includes which of the followings:

A Balance sheet and Income statement

A statement of changes in financial position

Notes, other statements and explanatory material

All of the given options

130. In the first step of formation of a Company the availability of name is checked from SECP, that is at least two companies with same name can registered.

True

False

131. An increase in economic benefits during the accounting period in the form of increase of assets and decrease in liabilities is termed as Expenses.

True

False

132. In IAS 23 Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

True

False

133. Cash discounts are usually received on bulk purchase and are agreed at the time of negotiation of cost. The cost of inventory is recorded net of these discounts.

True

False

134. Generally there are two types of discounts; **Trade** and **Cash**

135. There is no concept of capital in:

Sole proprietorship

NGO's / NPO's

Partnership

Public Limited Company

136. A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called **Joint Venture**

137. The surplus arising from revaluation of fixed assets of an entity is shown:

Separately in the balance sheet.

As indirect income in income statement

Added in the fixed asset
None of the given options

138. A Company uses FIFO method to evaluate its stock. The information for the stock is as follows:

Opening stock was 10 units at 2 each.

Purchases were 30 units at Rs. 3 each, and

Then issues of 12 units were made, followed by issues of 8 units. Closing stock is valued at:

Rs. 50

Rs. 58

Rs. 60

Rs. 70

139. share holders' equity is the net balance of the total assets of the business less third party's liabilities.

140. qualifying is an asset that necessarily takes a substantial period of time to get ready for its intended use.

141. Statutory Meeting is required to be held within:

3 to 6 months

1 to 3 months

6 to 9 months

9 to 12 months

142. Goodwill is most appropriately classified as:

A fixed asset

An intangible asset

A fictitious liability

A semi-fixed asset

143. If a Company purchased an Asset for Rs.20, 000. The estimated useful life of asset is ten years. After five years the Book Value of the Asset will be: (using straight line method of depreciation and no residual value)

16,000

10,000

8,000

5,000

144. The main aim of accounting is to:

Maintain ledger accounts for every transaction.

Provide financial information to users of such information.

Produce a Trial balance.

Record every financial transaction individually.

145. In case of a single member company _____ person(s) is (are) required to be nominated to takeover the company in case of a death of the member.

One

Two

Three

Four

146. Company should be termed as a _____ of another company if other company holds more than 50% of its shares or has the power to appoint more than 50% of its directors.

Associated

Subsidiary

Joint Venture

None of the given options

147. Directors or shareholders having _____ voting power can call for Extraordinary General Meetings (EOGM).

10%

15%

20%

25%

148. Quality control during commercial production cost Rs. 10,000/- will be charged to: v uzs

Research expenses

Development cost

Profit and Loss account

None of the given options

149. Which one of the following is an example of Conversion Cost?

Labour and factory overheads

Labour and work in process

Work in process and finished goods

Factory overhead and work in progress

150. Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a along term nature

All of the given options

151. Movement of capital issued and reserves are presented through which of the following statement?

Cash flow statement

Statement of changes in equity

Income statement

Balance sheet

152. A maximum limit of the amount of the capital that a company can issue is mentioned in the Memorandum of Association and Article of Association of the company is called:

Authorized capital

Issued capital

Subscribed capital

Paid up capital

153. Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

154. Cash discounts are received on early payment of the outstanding amount. These discounts are conditional and are not reduced from the value of the inventory.

True

False

155. In the rare cases of conflict between an IAS and the Framework, the Framework will prevail.

True

False

156. Current assets will also include marketable securities if they are expected to be realized within twelve months of the Balance Sheet date.

True

False

157. Significant influence is the ability to participate and to control the financial and management affairs of the enterprise.

True

False

158. International Accounting Standards (IAS) are issued by International Accounting Standard Board (IASB).

True

False

159. Contingent assets are:

Recognized as asset in the balance sheet

Disclosed in the financial statements

None of the given options

Any of the given options depending upon certain condition

160. A reduction of share capital can be effected through an ordinary resolution.

True

False

161. According to IAS 2 Inventories are assets that are not held for sale in the ordinary course of business.

True

False

162. Which assets are specifically excluded from Financial Assets:

a: Investments

b: Prepaid Expenses

c: Physical Assets

d: Both (b) and (c)

163. A supplier sends you a statement showing a balance outstanding of Rs. 14,350.
Your own records show a balance outstanding of Rs. 14,500/-

The supplier sent an invoice for Rs. 150 which you have not yet received.

The supplier has allowed you Rs. 150 cash discount which you had omitted to enter in your ledgers

You have paid the supplier Rs. 150 which he has not yet accounted for

You have returned goods worth Rs. 150 which the supplier has not yet accounted for

164. Contingent liabilities are:

a: possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

b: liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier

Both (a) and (b)

None of the given options

165. Accounting policy once selected can never be changed.

True

False

166. Minimum Lease Payments are:

☐ The lease rentals payable by the lessee to the lessor

☐ The contingent rent payable by lessee

☒ All the payments that the lessee can be required to pay to the lessor

☐ None of the given options.

167. IAS 23, "Borrowing Cost" requires capitalization of borrowing cost as a benchmark treatment.

False

True

168. Liquidity is:

☐ Excess of income over expenditure

☐ Income generating capability of the business

☒ Ability of a business to pay its debts in time

☐ Excess of expenditure over income

169. A revaluation loss is charged to profit and loss account in the period in which the revaluation is carried out.

o True

o False

170. In case of tangible non-current assets, if a policy of revaluation is adopted for the first time, then this is treated as:

1. No change in Accounting Policy under IAS 8

2. A change in Accounting Policy

3. A revaluation under IAS 16 Property, Plant and Equipment

4. None of the given options

171. Right shares are issued when accumulated profit is being capitalized by the issuance of shares.

1. True

2. False

172. _____ **Net Realized Value** _____ is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

173. Liquidity is defined as:

1. Excess of income over expenditures

2. Income generating capability of the business

3. Ability of a business to pay its debts in time

4. Excess of expenditures over income

174. If an entity declares dividends to the holders of equity instruments after the balance sheet date, the entity shall not recognize those dividends as a :

1. Equity

2. Deferred Liability

3. Liability

4. Asset

Ref:

<http://docs.google.com/viewer?a=v&q=cache:XMUI3epcawQJ:appl.hkicpa.org.hk/ebook>

[/HKSA_Members_Handbook_Master/volumeII/hkas10.pdf+&hl=en&pid=bl&srcid=ADGEESivnfEpwDZ6thyO4V4jSJWzF4Spcl2cOREL6fTfVxGfKACoLRowJpAmZgmjtxrZOkW6Ca6Cq9p_FxDu1OcV-t0BgDtFUys6YKTV3pgug3xOqqiJXEgOxdfmx5DRXrsUy-XIDWeD&sig=AHIEtbRW-7EEkfm6qngBAftJgYMwQIfBtg](#)

175. The information as to profitability is provided by the balance sheet of the entity.

1. True

2. False

176. Under IAS 33 _____ **Earning Per Share** _____ is widely used by investors as a measure of a company's performance.

Which of the following asset is specifically excluded from Financial Assets:

1. Investments

2. Prepaid Expenses

3. Physical Assets

4. Both Prepaid Expenses & Physical Assets

177. Lease accounting is regulated by _____ which was introduced because of abuses in the use of lease accounting by companies.

1. IAS 17

2. IAS 12

3. IAS 39

4. IAS 32

178. A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control, is called Subsidiary Companies.

1. True

2. False

179. Which of the following is a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits?

Asset

Income

Expense

Liability

180. Which of the following types of business enjoys greater freedom and flexibility in making business decisions according to the economic conditions?

Private Limited Company

Sole-proprietorship

Partnership

Public Limited Company

181. Proper Books of Accounts are kept by every company under which of the following sections of the Companies Ordinance 1984?

Section 230

Section 233

Section 184

Section 110

182. Which of the following information must be disclosed in case of loan and advances to subsidiary companies?

The name of each borrower

Amount of loans and advances

The terms of loan and the particulars of collateral security held

All of the given options

183. Which one of the following is an example of Financial Asset?

Inventories

Patent rights

Goodwill

Accounts receivable

184. Mr. Jason invested Rs. 100,000 in bank as bonds for nine months. At the end of the year, this invested amount will be shown in Balance Sheet under the head of:

Fixed Assets

Current Asset

Current Liabilities

Long Term Liabilities

185. Which of the following represents the Financial Information presented in the financial statements relating to the assets and incomes should not be overstated.

Consistency

Profit

Materiality

Prudence

186. Which of the following statement shows the movement of cash inflows and outflows?

Income Statement

Balance Sheet

Statement of Owner's equity

Cash Flows Statement

187. Which of the following is an example of current liability?

Bank Overdraft

Stock

Goodwill

A loan repayable in two years

188. Which of the following is a component of current liabilities?

Assets subject to finance lease

Debentures

Provision for Taxation

Loans taken for more than five years

189. A damage claim of Rs.15 million for breach of contract has been served on the Company. The Company legal counsel is of the view that it is possible that the damages will be awarded to the plaintiff. However, the amount of damages can not be reasonable estimated. What accounting treatment would be made in this regards?

A provision will be made for damages

Damages will be disclosed as contingent liabilities

Damages will be treated as accrued income

No treatment will be taken

190. Which of the following term represents the amount of share capital collected from the shareholders on application of shares?

Registered Capital

Subscribed Capital

Nominal Capital

Paid up capital

191. Where shares are purchased at a price above the face value, the difference shall be charged to:

Share Premium Account

Share Discount Account

Distributable Profit Account

Un-distributable Profit Account

192. In case of operating lease, an asset is recorded in the books of lessee at which of the following value?

Faire value

Present value

Market value

Not recorded at any value

193. Which of the following IAS covers the Debentures?

IAS 32 only

IAS 39 only

Both IAS 32 and IAS 39

IAS 17

194. Which of the following events are indicative of conditions that arose after Balance Sheet date?

Adjusting events after balance sheet date

Adjusting events before balance sheet date

Non - adjusting events after balance sheet date

Non - adjusting events before balance sheet date

195. Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Adjusting events only

Non-adjusting events only

Both Adjusting and Non-adjusting events

None of the given options

196. Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

Contingent asset

Fixed asset

Current asset

Floating asset

197. Which of the following is/are related to the IAS-37?

Contingent Assets

Contingent Liabilities

Both Contingent Assets and Contingent Liabilities

Inventory

198. Which of the following is the example of Certain Liabilities?

Creditors against supplies

Accruals against expenses

Provision against expected losses

Provision against expected profits

199. An equity instrument that is subordinate to all other classes of equity instruments is:

Ordinary share

Potential ordinary share

Warrants

Options

200. Which of the following is/are Financial Instruments that give the holder, the right to purchase ordinary shares?

Equity shares

Potential ordinary shares

Warrants or Options (IAS 33)

Preference shares

201. Which of the following is widely used by investors as a measure of Company performance in comparing the results of a Company over a period of time?

Earning Per Share

Balance Sheet

Cash Flow Statement

Notes to the accounts

202. Which of the following represents the Equity?

Share capital + Accumulated profit + General reserves

Share capital + Accumulated profit - General reserves

Share capital - Accumulated profit - General reserves

Accumulated profit - General reserves

203. Which of the following is included in the Equity Section of the Balance Sheet?

Share capital

Long term financing

Deferred cost

Liability against assets subject to finance lease

204. Which of the following is **NOT** considered as expense by their function with respect to IAS 01?

Cost of goods sold

Distribution costs

Administrative expenses

Transportation costs

205. Which of the following is **TRUE**?

Gross profit - Operating expenses = Operating profit

Cost of sales + Operating expenses = Operating profit

Cost of sales - Operating expenses = Net profit

Cost of sales - Operating expenses = Gross profit

206. An electricity accrual of Rs. 375 was treated as prepayment in preparing a trader's profit and loss account. As a result his profit was:

Understated by Rs. 750

Overstated by Rs. 750

Understated by Rs. 375

Overstated by Rs. 375

207. Which of the following is the correct formula to find the Present Value? Where
FV = Future Value, r = Interest rate and n = Time period

$$FV(1 + r)^{-n}$$

$$FV(1 + r)^n$$

$$FV(1 - r)^{-n}$$

$$FV(1 \times r)^{-n}$$

208. If you plan to save Rs. 5,000 with a bank at an interest rate of 8%, what will be the worth of your amount after 4 years if bank offers simple interest?

Rs. 5,400

Rs. 5,900

Rs. 6,600

Rs. 6,802

209. What will be the purchase source at the time of re-purchase of shares?

The purchase shall be in cash and out of the distributable profits.

The purchase shall be in cash and out of the un-distributable profits.

The purchase shall be in credit and out of the distributable profits.

The purchase shall be in cash and out of the Revaluation surplus profits.

210. Which of the followings item(s) must be disclosed on the face of income statement according to IAS-1?

Revenue

Results of operating activities

All of the given options

Finance costs

211. Which of the following is the combined account for showing both result of business, i.e., gross and net profits?

Trading and profit and loss account

Profit and loss appropriation account

Income statement

None of the given options

212. The goods are written off when:

These are completely damaged

These are stolen

These are destroyed by fire

All of the given options

213. Which of the following bases, stock should be valued according to IAS-2?

Cost

Higher of cost or net realizable value

Lower of cost or net realizable value

Net realizable value

214. Which of the following business is formed by the approval of Stock Exchange?

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Brockage House

215. Which of the following fixed asset is shown at cost rather at book value?

Machinery

Furniture

Vehicles

Land

216. Which of the following is NOT related to the qualitative characteristics that make financial information useful?

Reliability only

Relevancy only

Both Reliability and Relevancy

Understandability

217. An intangible asset with indefinite useful life shall:

Be amortized using straight line method

Not to be amortized

Be amortized using reducing balance method

Either be amortized using straight line method OR be amortized using reducing balance method

218. The capital maintenance concept implies that:

The capital of a business should be kept intact by not paying out dividends.

A business should invest its profits in the purchase of capital assets.

Fixed assets should be properly maintained.

Profit is earned only if the value of an organization's net assets or its operating capability has increased during the accounting period.

219. The cost of inventories of a service provider does not consist of:

Costs of personnel directly engaged in providing the service

Supervisory personnel

Attributable overheads.

Labour and other costs relating to sales

220. Which one of the following is the concept of the capital maintenance?

Financial capital maintenance

Physical capital maintenance

Both Physical and Financial capital maintenance

None of the given options

221. If the closing balance is lower than the difference of the opening balance and depreciation for the Year, it shows:

An addition of fixed assets has been taken place

A disposal of fixed assets

Fixed assets are installed under finance lease

None of the given options

222. Which of the following item may be included in a Balance Sheet at more than its historical cost?

Good will

Land

Research expenditures

Work in progress

223. The valuation of stock at lower of its cost or net realizable value is an application of:

The consistency concept

The going concern concept

The prudence concept

The accrual concept

224. Contribution to Research foundation amounting to Rs. 100,000/- Whether it is:
- a) Development cost
 - b) Development cost & capitalized
 - c) Research expenses**
 - d) None of the given options
225. Which of the following are the examples of research activities?
- a) Activities aimed at obtaining new knowledge
 - b) Search, evaluation, final selection and application of research findings
 - c) Search for alternatives
 - d) All of the given options**
226. There are _____ methods for recognition of investment in associated companies:
- e) One
 - f) Two**
 - g) Three
 - h) Four
227. _____ is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.
- a) Net realizable value**
 - b) Carrying value
 - c) Market value
 - d) All of the given options
228. Cost of inventories will consist, which of the following costs:
- a) Purchase
 - b) Costs of Conversion
 - c) Other costs incurred in bringing the inventories to their location and condition
 - d) All of the given options**
229. Cost of the inventory is calculated with which of the following method:
- a) First in First Out (FIFO) & Last in First Out (LIFO)

- b) Specific identification of cost
- c) Weighted Average
- d) All of the given options**

230. The table shows information relating to end of year stock:

Particulars	Rs.
Cost	100,000/-
Realizable value	90,000/-
Cost of selling	10,000/-
Replacement cost	70,000/-

According to IAS 2, what is the value of stock at the balance sheet date?

- i) Rs. 90,000/-
- j) Rs. 80,000/-**
- k) Rs. 100,000/-
- l) Rs. 70,000/-

231. Conversion cost includes:

- a) Labour and factory overheads**
- b) Labour and work in process
- c) Work in process and finished goods
- d) Factory overhead and work in progress

232. The cost of inventories of a service provider consists of which of the following:

- a) Labour
- b) Other costs of personnel directly engaged in providing the service
- c) Labour and other costs relating to sales
- d) All of the given options**

233. Which of the following is the disadvantage of modified schedules and alternative workplace?

- Freedom in professional and personal life
- Adds more Job satisfaction
- Complicated coordination**
- Suitable for self starter who require little direct supervision

234. Revenue expenditure is likely to benefit:
- Future period
 - Current + future period
 - **Current period**
 - Past period
235. Net investment in the lease is:
- Residual value
 - MLP + URV
 - **P.V of G.I**
 - None
236. Which item may be included in Balance Sheet at more than historical cost?
- **Land and Building**
 - Work in progress
 - Goodwill
 - Research expenditure
237. What is material?
- Item that could influence economic decision of users
 - It depends on size and nature of them
 - **Both economic decision of users & size and nature of them**
 - None of the given options
238. As a result of a product break through, it has been determined that manufacturing equipment previously depreciated over 15 years should be depreciated over 20 years whether it is:
- Changes in accounting policy
 - Prior period error
 - **Changes in accounting estimate**
 - None of the given options
239. Example of change in accounting estimates are the followings:
- Bad Debts
 - Inventory obsolescence
 - Warranty obligations
 - **All of the given options**
240. Imran & Co made a profit for the year of Rs. 56,250 after accounting for depreciation Rs. 3,750. During the year, fixed assets were purchased for 24,000 debtors increased by Rs. 3,000, stock decreased by Rs. 5,400 and creditors increased by Rs. 1,050.
The increase in cash and bank during the year was:
- **Rs. 39,450**
 - Rs. 15,950
 - Rs. 14,650
 - Rs. 17,150
241. Khan & Co. reported a profit of Rs. 30,000 for the year, after charging the following:
Depreciation Rs. 5,000

Loss on sale of assts Rs. 2,000

During the year there was a decrease in working capital of Rs. 1,000. What was the net cash flow generated from operations?

- Rs. 12,000
- **Rs. 38,000**
- Rs. 20,000
- Rs. 25,000

242. Which of the following is not a cash flow in a cash flow statement?

- A right issue
- **A depreciation charge**
- Proceeds on the sale of a fixed asset
- Corporation tax paid

243. A cash flow statement provides information that enables user to evaluate:

- Changes in net assets
- Financial structure
- Amounts and timing of cash flows
- **All of the given options**

244. The accounting entity or separate entity concept means.

- That each branch of the business should be treated as a separate accounting entity.
- That each line of business should be treated as a separate accounting entity.
- **That business should be treated as an entity separate from its owners.**
- None of the above.

Ans: That business should be treated as an entity separate from its owners.

This concept implies that the activities of a business are to be treated as separate from the non-business activities of its owners.

The items recorded in the books of business are therefore restricted to the transactions of the business. The only time that the personal resources of the owners will affect the books of business when introduce new capital into the business or take out profits from it.

245. You are running a small business. You have obtained a personal loan from the bank that you intend to use for renovation of your own house. The loan would be classified as:

- Long term liability of the business.

- Short term liability of the business.
- Any one of the above depending upon the term of the loan.
- None of the above.

Ans: None of the above.

Following the separate entity concept only those transactions will be recorded in the books of the business that relate to the business. A personal loan of the owner will not be recorded in the books of the business at all.

246. Assets and liabilities are classified into current and non-current on the basis of:

- Their expected life or repayment term.
- The amount spent or payable i.e. on the basis of materiality.
- Judgement of the individual.
- All of the above.

Ans. Their expected life or repayment term.

In case of assets the major classification of the assets include Non-current assets and Current Assets, whereas in case of liabilities the major classifications are:

- Equity,
- Non-Current Liabilities
- and Current Liabilities.

All these classifications are based on the expected life of the asset or the repayment term, their value or the judgement of the individual do not affect their classification

247. Which of the following statements best defines the term “Useful life of an asset”?

- It is the time period after which the asset becomes useless.
- It is the time period after which the organization sells the asset.
- It is the time period after which maintaining the asset is not viable economically.

- None of the above.

Ans: It is the time period after which maintaining the asset is not viable economically.

Useful life of an asset is defined as the number of years over which an enterprise expects to use an asset. OR The number of production or similar units expected to be obtained from an asset. This means that the enterprise would like to use the asset as long as it is economically feasible for the enterpriser to operate the asset. Economic feasibility means that the asset is giving more output than the cost incurred to operate it.

248. What is depreciation?

- Market value of an asset reduces with the passage of time. This reduction is called depreciation.
- Systematic allocation of depreciable amount of an asset over its useful life.
- It is the cost of maintaining an asset.
- All of the above.

Ans: Systematic allocation of depreciable amount of an asset over its useful life.

Depreciation is a charge for using the asset or spreading its cost of purchase over the life of the asset and is calculated by distributing the cost of the asset over its useful life.

249. The consideration that would have to be paid if same or an equivalent asset is acquired. Such kind of consideration is called:

- Current cost
- Periodic cost
- Fixed Cost
- Semi-annual cost

250. _____ is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

- **Settlement value**

- Realizable value
- Residual value
- None of the given options

251. Which of the following is a tool of measuring financial position of an entity?

- **Balance sheet**

- Income statement
- Cash flow statement
- All of above

252. _____ are included in the cost on inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

- **Other costs**

- Installation cost
- Transportation cost
- Carrying cost

253. In perpetual Inventory systems inventory is recorded as:

- Receipt of inventory is debited to purchases account.
- No recording is made for individual issue in the General Ledger.
- Receipt of inventory is credited to Stock Account.
- **Issues are Credited to Stock Account and Debited to Material Consumption Account.**

254. Which of the following is not a component of financial statement?

- Balance sheet and Income statement
- Statement of changes in equity
- Cash flow statement

- **None of the above**

255. Cash discounts are received on early payment of the outstanding amount. These discounts are:

- Non conditional and reduce from the value of the inventory.
- Conditional and reduce from the value of the inventory.
- Non conditional and are not reduced from the value of the inventory.
- **Conditional and are not reduced from the value of the inventory.**

256. Stores and spares are valued at:

- Cost value
- Market value
- **Cost or market whichever is less**
- Cost or market whichever is greater

257. Stores and spares include items which may result in _____ but are not distinguishable.

- Revenue expenditure
- **Fixed capital expenditure**
- Both capital and revenue expenditure
- None of the above

258. The cost of inventories may not be recoverable if:

- Those inventories are damaged
- They have become wholly or partially obsolete
- Their selling price has declined
- **All of above**

259. IAS 1 suggests certain order for notes to the financial statements. This will assist users when comparing the statements of different entities. By applying above statement, which of the following does not include in IAS

- Statement of compliance with IAS's
- Statement of the measurement basis and accounting policies applied
- Other disclosures
- **None of the given options**

260. Revenue shall be measured at _____ of the consideration received or receivable.

- **Fair value**
- Cost value
- Discount value
- None of the given options

261. Depreciation, maintenance, rent, utilities and management costs of administrative offices are charged to:

- **Administrative cost**
- Distribution Costs
- Finance Costs
- Cost of Goods Sold

262. Under IAS 28 investment in associates is recorded using which of the following method?

- **Equity method**
- Cost & Equity method
- Cost method
- None of the given options

263. IAS 36 "Impairment of Assets" defines that recognition of gains / losses is always due to _____ of the assets:

- **Change in Fair value**
- Addition of assets
- Deletion of assets
- Depreciation

264. Distribution costs are expenses that are directly related to:

- **Selling the products of the entity**
- Mark up paid on loans and leases
- Administration and management of the business.
- All of the given options

265. An entity shall present a statement of changes in equity, showing which of the following on the face of the statement:

- Profit or loss for the period
- Total income and expense for the period
- Total amounts attributable to equity holders of the parent and to minority interest
- **All of the given options**

266. Other operating income, includes which of the following:

- Income from financial assets
- Income from investments in debts, loans, advances and receivables to each related party
- Income from assets other than financial assets
- **All of the given options**

267. Under which of the following circumstances provision might not be recognized?

- The board agreed a detailed closure plan on 20 December 20X9 and details were given to customers and employees.
- A company is obliged to incur clean up costs for environmental damage (that has already been caused)
- **A company intends to carry out future expenditure to operate in a particular way in the future.**
- None of the given options

268. Cost of goods sold includes which of the following:

- Sales and distribution costs
- Depreciation, maintenance, rent and utilities
- **Direct labour cost**
- Advertisement costs

269. Management shall use its judgment in developing and applying an accounting policy that results in information that is:

- a) Relevant to the economic decision making needs of the user
- b) Reliable, in that the financial statements & Neutral
- c) Complete in all material respects & Prudent

d) All of the given options

270. Accounting policies should be applied consistently for _____ transactions.

a) Similar

- b) Divergent
- c) Contradictory
- d) Conflicting

271. Cash Flow Statement means:

- a) A statement shows the movement in cash resources of the business
- b) The statement shows the sources from which business generated cash and its application.
- c) A statement analyses operating, investing and financing activities of the business

d) All of the given options

272. Ahmed & Co. issued shares how would a bonus issue of shares affect a cash flow statement:

- a) It would reduce cash flow from operations
- b) It would have no effect on cash flow**
- c) It would increase cash flow from investing activities
- d) It would increase cash flow from financing activities

273. Cash flow from operating activities are generally derived from the principal of _____ of the business:

a) Revenue producing activities

- b) Capital producing activities
- c) Cash receipts & payment activities
- d) Cash receipts & payment from owner activities

274. At the time of inception of lease, in cash flow statement, Asset and Liability is recorded in Balance Sheet. However in case of cash flows:

a) Only payment of Lease Rentals is shown as outflow

- b) Both payment of finance lease & Lease Rentals is shown as outflow
- c) Only payment of Lease Rentals is shown as inflow
- d) Only payment of finance charge is shown as outflow

275. Which of the following statement would be considered as out flow, in the outflow statement?

- a) The difference between the old and new valuations in the case of the revaluation of fixed assets
- b) Proceeds as a result of selling fixed assets
- c) The depreciation charge for the current year
- d) The repayment of a bank loan**

276. Imran & Co. changed LIFO method to FIFO method to value for its finished goods inventory. Whether it is:

- a) Change in accounting estimates
- b) Prior period errors
- c) Change in accounting policy**
- d) None of the given options

277. Which of the following is an example of change in accounting estimates:

- a) Bad debts
- b) Inventory obsolescence
- c) Warranty obligations
- d) All of the above**

278. A prior period shall be corrected by:

- a) Retrospective restatement**
- b) Prospective application
- c) Shall not be corrected
- d) None of the above

279. Reporting Inventory at the lower of cost or market value is a departure from the accounting principle of:

- a) Full disclosure
- b) Historical cost**
- c) Consistency
- d) Conservatism

280. Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

281. If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

The prudence concept

The going concern concept

282. Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

283. Which one of the following is NOT recorded under of Equity section the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

284. Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost

Carrying Amount

285. Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

286. Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development

Audit

Accounting

287. Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

288. Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Loans and Advances

Bank Balance

All of the given options

289. Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership
Public Limited Company
Unlimited Company

290. Issuance of shares at discount is the inverse of:

Issuance of Bonus
Issuance at Premium
Right Shares Issue
Further Issue

291. A private company is not required to issue a _____ as it is prohibited by its articles from inviting general public to subscribe for its shares.

Cash flow statement
Prospectus
Income statement
Balance sheet

292. Risks and rewards associated with the ownership related to:

Finance Lease
Operating Lease
Hire Purchase Agreement
Installments

293. Minimum lease payment(MLP) includes from lessor point of view:

Total payment
Residual value guaranteed by lessee
Party related to him or third party
All of the given options

294. In operating lease, rental expenses should be charged to:

- Balance sheet
- Profit and loss account**
- Income of lessee
- None of the given options

295. Fair presentation means:

- Application of Companies Ordinance, 1984
- Income Tax Ordinance, 2001
- IAS with additional disclosure**
- None of the given options

296. Rendering of services, revenue associated with the transaction can be estimated reliably when, which of the following conditions are satisfied:

The amount of revenue cannot be measured reliably

It is doubtful that economic benefits associated with the transaction will flow to the entity

The stage of completion of the transaction at the balance sheet date can be measured reliably

The cost incurred for the transaction and the cost to complete the transaction cannot be measured reliably

297. Which transaction will cause an increase in capital employed:

- Receipt of payment from account receivables in cash**
- Increasing the provision for bad debts
- Receipt of a loan
- Disposal of a fixed asset for more than its book value

298. Income statement formats based on classification of:

- Expenses
- Incomes
- Revenues

All of the given options

299. Preliminary expenses are an example of:

Revenue expenditure

Deferred revenue expenditure

Capital expenditure

None of the given options

300. The stock sheet for the previous year was incorrectly undercasted by Rs. 200,000, whether it is:

Changes in accounting policy

Change in accounting estimate

Prior period error

None of the given options

301. An example of cash flows from operating activities is:

Cash receipt from sale of goods and rendering of services

Cash payment to acquire property plant and equipment

Proceed from short term financing

Cash payment and receipt from acquisition and disposal other long term assets

302. Inventories are carried in the books of accounts according to the methods of valuation given in:

IAS 28

IAS 2

IAS 4

IAS 29

303. A public company is required to file a _____ with SECP before allotment of shares.

Prospectus

Statement in lieu of prospectus

Articles of Association

None of the given options

304. According to the International Accounting Standards any decrease in the value of goodwill is made with the help of:

Amortization

Impairment

Depreciation

None of the given options

305. Contingent assets are:

Recognized as asset in the balance sheet

Any of the given options depending upon certain condition

Disclosed in the financial statements

None of the given options

306. Which assets are specifically excluded from Financial Assets:

a: Investments

b: Prepaid Expenses

c: Physical Assets

d: Both (b) and (c)

307. A supplier sends you a statement showing a balance outstanding of Rs. 14,350.

Your own records show a balance outstanding of Rs. 14,500/-

o The supplier sent an invoice for Rs. 150 which you have not yet received.

o The supplier has allowed you Rs. 150 cash discount which you had omitted to enter in your ledgers

o You have paid the supplier Rs. 150 which he has not yet accounted for

o You have returned goods worth Rs. 150 which the supplier has not yet accounted for

308. Contingent liabilities are:

o a: possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

o b: liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier

o Both (a) and (b)

o None of the given options

309. The capital maintenance concept implies that:

o The capital of a business should be kept intact by not paying out dividends.

o A business should invest its profits in the purchase of capital assets.

o Fixed assets should be properly maintained.

o Profit is earned only if the value of an organization's net assets or its operating capability has increased during the accounting period.

310. Minimum Lease Payments are:

- o The lease rentals payable by the lessee to the lessor
- o The contingent rent payable by lessee
- o All the payments that the lessee can be required to pay to the lessor**
- o None of the given options.

311. Stock is valued using FIFO. Opening stock was 10 units at 2 each. Purchases were 30 units at Rs. 3 each, then issues of 12 units were made, followed by issues of 8 units. Closing stock is valued at:

58

50

70

60

312. Discount allowed on issue of shares is:

- o a: Shown as reduction in share capital.
- o b: Written off as expense
- o c: Charged to share premium account**

Both (a) and (b)

Both (b) and (c)

313. The historical cost convention:

- o Fails to take account of changing price levels over time.
- o Records only past transactions.
- o Values all assets at their cost to the business, without any adjustment for depreciation.
- o Has been replaced in accounting records by a system of current cost accounting.**

314. Liquidity is:

- o Excess of income over expenditure
- o Income generating capability of the business
- o Ability of a business to pay its debts in time**
- o Excess of expenditure over income

315. The issue of the shares at discount must be authorized by resolution passed in _____ of the company and must be sanctioned by the Commission.

1. General Meeting

2. Extra Ordinary Meeting

3. Statutory Meeting

4. None of the given options

316. Property, plant and equipment are carried in the books of accounts in accordance with the requirements of :

1. IAS 2
2. IAS 4
- 3. IAS 16**
4. IAS 28

317. If the closing balance is lower than the difference of the opening balance and depreciation for the Year, it shows:

- 1. An addition of fixed assets has been taken place**
2. A disposal of fixed assets
3. Fixed assets are installed under finance lease
4. None of the given options

318. In case of tangible non-current assets, if a policy of revaluation is adopted for the first time, then this is treated as:

1. No change in Accounting Policy under IAS 8
2. A change in Accounting Policy
- 3. A revaluation under IAS 16 Property, Plant and Equipment**
4. None of the given options

319. Liquidity is defined as:

1. Excess of income over expenditures
2. Income generating capability of the business
- 3. Ability of a business to pay its debts in time**
4. Excess of expenditures over income

320. If an entity declares dividends to the holders of equity instruments after the balance sheet date, the entity shall not recognize those dividends as a :

1. Equity
2. Deferred Liability
- 3. Liability**
4. Asset

321. Which of the following asset is specifically excluded from Financial Assets:

1. Investments
2. Prepaid Expenses
3. Physical Assets
- 4. Both Prepaid Expenses & Physical Assets**

322. Lease accounting is regulated by _____ which was introduced because of abuses in the use of lease accounting by companies.

- 1. IAS 17**

- 2. IAS 12
- 3. IAS 39
- 4. IAS 32

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IAS 28

IAS 2

IAS 4

IAS 29

338. A public company is required to file a _____ with SECP before allotment of shares.

Prospectus

Statement in lieu of prospectus

Articles of Association

None of the given options

339. According to the International Accounting Standards any decrease in the value of goodwill is made with the help of:

Amortization

Impairment

Depreciation

None of the given options

340. Which one of the following is the example of non-profit oriented organization:

NGO's

Trusts

Societies

All of the given options

341. Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

342. The amount by which the carrying amount of an asset exceeds its recoverable amount is called as:

Impairment loss

Residual value

Depreciation

Fair value

343. Which of the following are the examples of development activities?

Design, construction and testing of pre-production models

Design of tools, jigs moulds dies, involving new technology

Design, construction and operation of pilot plant

All of the given options

344. Investments made for long term in associated companies, is recorded using _____ method of recognition and shown separately in the balance sheet as long-term assets. vu Z s

Equity

Cost

Both Cost and Equity

None of the given options

345. Costs of purchase of Inventories comprising which of the following:

Purchase price

Import duties and other taxes

Transport less trade discount, rebate and other similar amounts

All of the given options

346. Under Benchmark Treatment IAS-2, does not recommend the following method of stock valuation for incorporating its value in financial statement.

FIFO method

The weighted average cost method

LIFO method

None of the given options

347. A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called _____.

Joint Venture

Subsidiary Companies

Associated Companies

None of the given options

348. An intangible asset with indefinite useful life shall:

Be amortized using straight line method

Not to be amortized

Be amortized using reducing balance method

Either be amortized using straight line method OR be amortized using reducing balance method

349. A complete set of financial statement includes which of the followings:

A Balance sheet and Income statement

A statement of changes in financial position

Notes, other statements and explanatory material

All of the given options

350. There is no concept of capital in:

Sole proprietorship

NGO's / NPO's

Partnership

Public Limited Company

351. The surplus arising from revaluation of fixed assets of an entity is shown:

Separately in the balance sheet.

As indirect income in income statement

Added in the fixed asset

None of the given options

352. A Company uses FIFO method to evaluate its stock. The information for the stock is

as follows:

- Opening stock was 10 units at 2 each.
- Purchases were 30 units at Rs. 3 each, and
- Then issues of 12 units were made, followed by issues of 8 units.

Closing stock is valued at:

Rs. 50

Rs. 58

Rs. 60

Rs. 70

353. The capital maintenance concept implies that:

The capital of a business should be kept intact by not paying out dividends.

A business should invest its profits in the purchase of capital assets.

Fixed assets should be properly maintained.

Profit is earned only if the value of an organization's net assets or its operating capability has increased during the accounting period.

354. The cost of inventories of a service provider does not consist of:

Costs of personnel directly engaged in providing the service

Supervisory personnel

Attributable overheads.

Labour and other costs relating to sales

355. Statutory Meeting is required to be held within:

3 to 6 months

1 to 3 months

6 to 9 months

9 to 12 months

356. Goodwill is most appropriately classified as:

A fixed asset

An intangible asset

A fictitious liability

A semi-fixed asset

357. If a Company purchased an Asset for Rs.20, 000. The estimated useful life of asset is ten years. After five years the Book Value of the Asset will be: (using straight line method of depreciation and no residual value)

16,000

10,000

8,000

5,000

$$20000 - \{(20000/10)*5\} = 10000$$

358. A complete set of financial statements include:

A balance sheet

A statement of changes in financial position & Notes, other statements and explanatory material.

An income statement

All of the given options.

359. The main aim of accounting is to:

Maintain ledger accounts for every transaction.

Provide financial information to users of such information.

Produce a Trial balance.

Record every financial transaction individually.

360. In case of a single member company _____ person(s) is (are) required to be nominated to takeover the company in case of a death of the member.

One

Two

Three

Four

361. Company should be termed as a _____ of another company if other company holds more than 50% of its shares or has the power to appoint more than 50% of its directors.

Associated

Subsidiary

Joint Venture

None of the given options

362. Directors or shareholders having _____ voting power can call for Extraordinary General Meetings (EOGM).

10%

15%

20%

25%

363. Quality control during commercial production cost Rs. 10,000/- will be charged to:

Research expenses

Development cost

Profit and Loss account

None of the given options

364. Which one of the following is an example of Conversion Cost?

Labour and factory overheads

Labour and work in process

Work in process and finished goods

Factory overhead and work in progress

365. Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a long term nature

All of the given options

366. Which one of the following is the concept of the capital maintenance?

Financial capital maintenance

Physical capital maintenance

Both Physical and Financial capital maintenance

None of the given options

367. Movement of capital issued and reserves are presented through which of the following statement?

Cash flow statement

Statement of changes in equity

Income statement

Balance sheet

368. A maximum limit of the amount of the capital that a company can issue is mentioned in the Memorandum of Association and Article of Association of the company is called:

Authorized capital

Issued capital

Subscribed capital

Paid up capital

369. Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

370. A person who acquires shares in a Company is known as a:

Director

Shareholder

Partner

Manager

371. The amount of the issued share capital of a company is:

. Always equal to the amount of its authorized share capital

Equal to the amount of its issued preference share capital

.. Equal to the reserves of the company

.. None of the given options

372. Contingent liabilities are written in Balance Sheet as:

. Long Term Deposits

.. Current Liabilities

.. Long Term Loans

Foot Notes

373. Which of the following is NOT an example of current liability?

.. Bank overdraft

Loan given to Mr. A for shorter period

.. Accounts Payable

.. Loan received from Mr. B for shorter period

374. Which one of the following is the present obligation of the entity as a result of past even from which future economic benefits are expected to flow to the entity?

Asset

- .. Gain
- .. Liability
- .. Expense

375. Which of the following is an increase in the future economic benefits related to an increase in an asset or a decrease of a liability that can be measured reliably?

- .. Equity
- Income**
- .. Liability
- .. Expense

376. Which of the following is TRUE with respect to the Prudence concept?

- .. Financial Information presented in the financial statements relating to the assets and incomes should not be overstated and relating to liabilities and expenses should not be understated.
- .. Financial Information presented in the financial statements relating to the assets liabilities, expenses and incomes should not be overstated.
- .. Financial Information presented in the financial statements relating to the assets liabilities, expenses and incomes should not be understated.

Financial Information presented in the financial statements relating to the assets and incomes should not be understated and relating to liabilities and expenses should not be overstated.

377. The accruals concept:

- .. Applies to revenue and expenses only
- .. Applies to assets and liabilities only
- Applies to revenue, expenses, assets and liabilities**
- .. Is not a fundamental accounting concept

378. Which of the following is TRUE with respect to the disclosure requirements of Trade Debts?

Provision for doubtful debts is deducted from the doubtful debts

- .. Doubtful debts is deducted from the Provision for doubtful debts
- .. Doubtful debts and its Provision is shown separately as asset
- .. Provision for doubtful debts is not taken into consideration

379. Trade debts secured are to be shown in the balance sheet under the head of:

- .. Non Current Assets

.. Current Liabilities

Current Assets

.. Capital

380. Which of the following is NOT the type of Market Risk?

.. Price Risk

Liquidity Risk

.. Interest Rate Risk

.. Currency Risk

381. Which one of the following is NOT an example of Financial Instruments?

Inventories

.. Loans payable

.. Share capital

.. Debentures

382. Which of the following IAS mainly covers Financial Instruments of other long term investments?

.. IAS 27 & 32

.. IAS 28 & 39

IAS 32 & 39

.. IAS 31 & 32

383. Which one of the following is related to the IAS 27?

Consolidated and Separate Financial Statements

.. Interest in Joint Venture

.. Financial Instruments Disclosure and Presentation

.. Financial Instruments Recognition and Measurement

384. A fixed asset cost Rs. 8,000; it is sold for Rs. 4,800. At the date of its disposal, its net book value is Rs. 3,000. What is the profit or loss on disposal?

.. Profit Rs. 3,200

.. Loss Rs. 3,200

.. Loss Rs. 1,800

Profit Rs. 1,800

385. A firm depreciated its fixed assets purchased on January 01, 1993 at the rate of 25% per annum using the reducing balance method. If the total depreciation charged on these assets up to 31st December, 1995 was Rs. 23,125, their net book value at that date was:

- .. Rs. 16,875
- .. Rs. 17,500
- .. **Rs. 7,708**
- .. Rs. 10,000

$$(23125/0.75) - 23125 = 7708$$

386. Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

- .. Stock
- .. General Stores
- .. Spare parts
- .. **Fixture**

387. Which one of the following methods for inventory valuation is most conservative method during periods of rising prices?

- .. FIFO Method
- .. Weighted Average Method
- .. Specific Identification Method
- .. **LIFO Method**

388. According to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

- .. FIFO Method
- .. **LIFO Method**
- .. Weighted Average Method
- .. Specific Identification Method

389. Which of the following information must be disclosed in case of loan and advances to subsidiary companies?

- .. The name of each borrower
- .. Amount of loans and advances
- .. The terms of loan and the particulars of collateral security held
- .. **All of the given options**

390. Which of the following is(are) related with the IAS 23?

- .. Qualifying Assets
- .. Amount to be capitalized
- .. Capitalization period

All of the given options

391. Revaluation of asset is conducted by:

- .. Directors
- .. Shareholders
- .. Managers

Professional Qualified Valuers

392. Which one of the following subsequent expenditure can be capitalized?

Modification of an item of Plant to extend its useful life or capacity

- .. Expenditure on repairs and maintenance of Property Plant and Equipment that is made to restore or maintain the economic benefit from it
- .. New tires placed on a motor car
- .. None of the given options

393. Which of the following asset is recorded in Balance Sheet under the heading of Current Assets?

- .. Furniture
- .. Deferred Cost
- .. Land

Prepayments

394. If the holding company owns 100% shares of the subsidiary company then the subsidiary type will be termed as:

- .. Partially Owned Subsidiary

Wholly Owned Subsidiary

- .. Direct Subsidiary
- .. Indirect Subsidiary

395. Which of the following IAS deals with the term Significant Influence in associate companies?

- .. IAS 07
- .. IAS 27
- .. **IAS 28**
- .. IAS 01

396. Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?

- .. Section 160
- .. **Section 158**
- .. Section 159
- .. Section 157

397. Which of the following types of business can maintain the secrecy in all business matters?

- .. **Sole-proprietorship**
- .. Partnership
- .. Public Limited Company
- .. Private Limited Company

398. Which of the following types of business has the burden of unlimited liability?

- .. Private Limited Company
- .. **Sole-proprietorship**
- .. Single Member Company
- .. Public Limited Company

399. Which of the following refers to the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all?

- .. Sole - proprietorship
- .. **Partnership**
- .. Company
- .. Trust

~END~

Financial Accounting II (MGT401)

Question: 1 (Marks: 1)

Attempted Questions: 0

Total Questions: 69

Which of the following is a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits?

Choices:

☐ Asset☐ Income☐ Expense☐ Liability

Financial Accounting II (MGT401)

Question: 2 (Marks: 1)

Attempted Questions: 1

Total Questions: 69

Which of the following is recognized in the Profit and loss account in case of leasing?

Choices:

☐ Gain and loss on disposal of fixed assets☐ Sale of fixed asset☐ Purchase of fixed asset☐ Money spent on erection of assets

Financial Accounting II (MGT401)

Question: 3 (Marks: 1)

Attempted Questions: 2

Total Questions: 69

Which of the following statement shows the sources from which business generated cash and its application?

Choices:

☐ Income Statement☐ Cash Flow Statement☐ Statement of Changes in Owners Equity☐ Balance Sheet

Financial Accounting II (MGT401)

Question: 4 (Marks: 1)

Attempted Questions: 3

Total Questions: 69

Which of the following represents the Dilution in earning?

Choices:

☐ Basic Earning Per Share – Diluted Earning Per Share

☐ Basic Earning Per Share + Diluted Earning Per Share

☐ Basic Earning Per Share x Diluted Earning Per Share

☐ Basic Earning Per Share / Diluted Earning Per Share

Financial Accounting II (MGT401)

Question: 5 (Marks: 1)

Attempted Questions: 4

Total Questions: 69

Which of the following refers to the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all?

Choices:

☐ Sole - proprietorship☐ Partnership☐ Company☐ Trust

Financial Accounting II (MGT401)

Question: **6** (Marks: 1)Attempted Questions: **5**Total Questions: **69**

Which of the following types of Companies is (are) registered through Securities and Exchange Commission of Pakistan?

Choices:

☐ Public Limited Companies☐ Private Limited Companies☐ Both Public Limited Companies & Private Limited Companies☐ Neither Public Limited Companies nor Private Limited Companies

Financial Accounting II (MGT401)

Question: 7 (Marks: 1)

Attempted Questions: 6

Total Questions: 69

Which of the following asset is an example of Tangible Fixed Assets?

Choices:

☐ Vehicles☐ Good Will☐ Copyrights☐ Trade Marks and Designs

Financial Accounting II (MGT401)

Question: 8 (Marks: 1)

Attempted Questions: 7

Total Questions: 69

Which of the following costs can be capitalized?

Choices:

☐ Assets under construction for entity's own use

☐ Assets that are not currently in use because of excess capacity

☐ Assets that are ready for intended use

☐ Assets intended for sale or use that are produced as discrete projects

Financial Accounting II (MGT401)

Question: 9 (Marks: 1)

Attempted Questions: 8

Total Questions: 69

Which of the following is(are) the example(s) of Borrowing costs?

Choices:

☐ Amortization of discounts relating to borrowings

☐ Amortization of premium relating to borrowings

☐ Amortization of ancillary costs incurred in connection with the arrangement of borrowings

☐ All of the given options

Financial Accounting II (MGT401)

Question: **10** (Marks: 1)Attempted Questions: **9**Total Questions: **69**

ABC (Pvt) Limited is constructing an asset for their own use in the business. The production of asset started on September 30, 2006. Due to some internal problems of the company, the construction remained closed from November, 01 to November 31. The asset was completed on December 31. The asset was constructed by utilizing the borrowed funds. What is the period for which the capitalization should be made?

Choices:

☐ Borrowing costs should be capitalized for two months and shall remain suspended for one month

☐ Borrowing costs should be capitalized for three months

☐ Borrowing costs should be capitalized for one months and shall remain suspended for two month

☐ Borrowing costs should be capitalized for four months

Financial Accounting II (MGT401)

Question: 11 (Marks: 1)

Attempted Questions: 10 Total Questions: 69

Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?

Choices:

☐ Applied research☐ Development☐ Business research☐ Accounting

Financial Accounting II (MGT401)

Question: **12** (Marks: 1)Attempted Questions: **11**Total Questions: **69**

Which of the following investments are recorded using Cost Method?

Choices:

☐ Investments made for longer period☐ Investments made for shorter period☐ Investments made for shorter and longer period☐ None of the given options

Financial Accounting II (MGT401)

Question: **13** (Marks: 1)Attempted Questions: **12** Total Questions: **69**

Under which of the following circumstance(s), Trade Discount is granted?

Choices:

☐ When selling to a fellow trader

☐ When the buyer is an old customer

☐ When sales are made in bulk

☐ All of the given options

Financial Accounting II (MGT401)

Question: **14** (Marks: 1)Attempted Questions: **13** Total Questions: **69**

Which one of the following is NOT a fixed asset?

Choices:

☐ Office equipment☐ Vehicles☐ Land☐ Inventory

Financial Accounting II (MGT401)

Question: 15 (Marks: 1)

Attempted Questions: 14 Total Questions: 69

Which one of the following IAS is related to Financial Instruments Recognition and Measurement?

Choices:

IAS 27

IAS 31

IAS 32

IAS 39

Financial Accounting II (MGT401)

Question: **16** (Marks: 1)Attempted Questions: **15** Total Questions: **69**

Which one the following risk arises when financial instruments fluctuate due to change in market prices?

Choices:

☐ Price Risk☐ Currency Risk☐ Interest Risk☐ Liquidity Risk

Financial Accounting II (MGT401)

Question: **17** (Marks: 1)Attempted Questions: **16** Total Questions: **69**

Which of the following may result from an inability to sell a financial asset quickly at close to its fair value?

Choices:

☐ Price Risk☐ Liquidity Risk☐ Interest Rate Risk☐ Currency Risk

Financial Accounting II (MGT401)

Question: 18 (Marks: 1)

Attempted Questions: 17 Total Questions: 69

Cash in transit is shown in the balance sheet under the head of:

Choices:

☐ Fixed Assets☐ Current Assets☐ Intangible Assets☐ Foot Notes

Financial Accounting II (MGT401)

Question: **19** (Marks: 1)Attempted Questions: **18** Total Questions: **69**

Which of the following is NOT shown under the heading of Stock-in-Trade in Balance Sheet?

Choices:

☐ Raw Materials☐ Packing Materials☐ Finished Goods☐ Spares

Financial Accounting II (MGT401)

Question: 20 (Marks: 1)

Attempted Questions: 19 Total Questions: 69

Which of the following is a decrease in future economic benefits related to a decrease in an asset or an increase of a liability that can be measured reliably?

Choices:

☐ Equity☐ Income☐ Liability☐ Expense

Financial Accounting II (MGT401)

Question: 21 (Marks: 1)

Attempted Questions: 20 Total Questions: 69

Which of the following is TRUE with respect to the Capital section of the balance sheet for a sole-proprietorship?

Choices:

☐ Opening Capital + New Capital + Profit for the year = Closing Capital

☐ Closing Capital + New Capital + Profit for the year = Opening Capital

☐ Opening Capital + Loss for the year = Closing Capital

☐ Opening Capital + Profit for the year + Drawings = Closing Capital

Financial Accounting II (MGT401)

Question: 22 (Marks: 1)

Attempted Questions: 21 Total Questions: 69

Which of the following Section of Companies Ordinance 1984 refers to further issue of capital?

Choices:

☐ Section 83☐ Section 84☐ Section 85☐ Section 86

Financial Accounting II (MGT401)

Question: 23 (Marks: 1)

Attempted Questions: 22

Total Questions: 69

When a share having a face value of Rs.100 is issued at Rs.110 then which one of the following option is correct under this situation?

Choices:

☐ Shares issued at premium☐ Shares issued at discount☐ Shares issued at nominal value☐ Shares issued at market value

Financial Accounting II (MGT401)

Question: **24** (Marks: 1)Attempted Questions: **23** Total Questions: **69**

Which of the following is shown on the assets side of Balance Sheet until written off?

Choices:

☐ Discount on issue of shares☐ Premium on issue of shares☐ Issuance of shares at their face value☐ Dividend in the form of cash

Financial Accounting II (MGT401)

Question: **25** (Marks: 1)Attempted Questions: **24** Total Questions: **69**

If Company issues bonus shares, what would be its effect on Working Capital of the Company?

Choices:

☐ It will increase the Working Capital

☐ It will decrease the Working Capital

☐ Adverse effect on Working Capital

☐ There will be no effect on Working Capital

Financial Accounting II (MGT401)

Question: **26** (Marks: 1)Attempted Questions: **25**Total Questions: **69**

Which of the following Company requires to issue Prospectus for raising capital?

Choices:

☐ Public Limited Companies☐ Private Limited Companies☐ Partnership firms☐ Sole Traders

Financial Accounting II (MGT401)

Question: 27 (Marks: 1)

Attempted Questions: 26 Total Questions: 69

Which of the following Companies do not require to issue Prospectus for raising capital?

Choices:

☐ Public Limited Companies only☐ Private Limited Companies only☐ Partnership firms only☐ Both Private Limited Companies and Partnership firms

Financial Accounting II (MGT401)

Question: 28 (Marks: 1)

Attempted Questions: 27

Total Questions: 69

In case of operating lease, an asset is recorded in the books of lessee at which of the following value?

Choices:

☐ Fair value☐ Present value☐ Market value☐ Not recorded at any value

Financial Accounting II (MGT401)

Question: **29** (Marks: 1)Attempted Questions: **28** Total Questions: **69**

In case of operating lease, lease payments are recognized as an expense and sub-lease payments received are recognized as:

Choices:

☐ Income☐ Asset☐ Liability☐ Expense

Financial Accounting II (MGT401)

Question: 30 (Marks: 1)

Attempted Questions: 29 Total Questions: 69

Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Choices:

☐ Adjusting events only☐ Non-adjusting events only☐ Both Adjusting and Non-adjusting events☐ None of the given options

Financial Accounting II (MGT401)

Question: **31** (Marks: 1)Attempted Questions: **30**Total Questions: **69**

Which of the following is TRUE about the Published Financial Statements?

Choices:

☐ Published statements are prepared by the external auditors

☐ Published statements are put in front of the Board of Directors for approval

☐ Published statements has been approved by the Board of Directors

☐ None of the given options

Financial Accounting II (MGT401)

Question: **32** (Marks: 1)Attempted Questions: **31**Total Questions: **69**

Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

Choices:

☐ Contingent asset☐ Fixed asset☐ Current asset☐ Floating asset

Financial Accounting II (MGT401)

Question: **33** (Marks: 1)Attempted Questions: **32** Total Questions: **69**

If a retail store has a policy of refunding purchases by dissatisfied customers, even though it is under no legal obligation to do so. Its policy of making refunds is generally known. Then which of the following is **TRUE** with respect to IAS-37?

Choices:

☐ It gives rise to legal obligation.

☐ It gives rise to constructive obligation.

☐ It does not give rise to constructive obligation.

☐ It removes the constructive obligation.

Financial Accounting II (MGT401)

Question: **34** (Marks: 1)Attempted Questions: **33** Total Questions: **69**

A furnace has a lining that needs to be replaced every 5 years for technical reasons. At the balance sheet date, the lining has been in use for 3 years. Which of the following is **TRUE** with respect to IAS-37?

Choices:

☐ A provision is not recognized today.

☐ A provision is recognized for the best estimates today.

☐ An income is recognized for the best estimates.

☐ None of the given options

Financial Accounting II (MGT401)

Question: **35** (Marks: 1)Attempted Questions: **34** Total Questions: **69**

Which of the following is used as denominator in calculating basic and diluted Earning per Share?

Choices:

☐ Weighted average number of ordinary shares☐ Weighted average number of preference shares☐ Number of preference shares outstanding☐ Earning available to common stockholders

Financial Accounting II (MGT401)

Question: **36** (Marks: 1)Attempted Questions: **35** Total Questions: **69**

What will be the effect on Earning per share if, Earning available to common shareholders decreases while the Weightage average number of common shares remain constant?

Choices:

☐ EPS will increase☐ EPS will decrease☐ EPS will become negative☐ No effect

Financial Accounting II (MGT401)

Question: **37** (Marks: 1)Attempted Questions: **36** Total Questions: **69**

Which of the following statement shows the movement in cash resources of the business?

Choices:

☐ Income Statement☐ Cash Flow Statement☐ Statement of Changes in Owners Equity☐ Balance Sheet

Financial Accounting II (MGT401)

Question: **38** (Marks: 1)Attempted Questions: **37** Total Questions: **69**

Which of the following is true about liquidity and profitability?

Choices:

☐ The importance of Liquidity is more than the importance of Profitability

☐ The liquidity and profitability is not the same thing but both have equal importance

☐ Liquidity and Profitability is the same thing

☐ The importance of Liquidity is less than the importance of Profitability

Financial Accounting II (MGT401)

Question: **39** (Marks: 1)Attempted Questions: **38**Total Questions: **69**

If, 200,000 of 10% convertible debentures, converted in one year time at the rate of 3 shares per Rs.5 of debentures. The Paid up capital of 500,000 ordinary shares is Re. 1.00 each. What will be the number of ordinary share after conversion?

Choices:

☐ 120,000 ordinary shares☐ 380,000 ordinary shares☐ 500,000 ordinary shares☐ 620,000 ordinary shares

Financial Accounting II (MGT401)

Question: 40 (Marks: 1)

Attempted Questions: 39

Total Questions: 69

Which of the following is related with the IAS-8?

Choices:

☐ Accounting policies☐ Cash flow statement☐ Borrowing costs☐ Events after the balance sheet date

Financial Accounting II (MGT401)

Question: **41** (Marks: 1)Attempted Questions: **40** Total Questions: **69**

Which of the following is TRUE with respect to the issuance of shares?

Choices:

☐ Equity will be increased☐ Equity will be decreased☐ No effect on equity☐ Retain earning will be increased

Financial Accounting II (MGT401)

Question: 42 (Marks: 1)

Attempted Questions: 41

Total Questions: 69

Which of the following is TRUE for the application of IAS-08?

Choices:

☐ It is applied in selecting the accounting policies only

☐ It is applied in applying the accounting policies only

☐ It is applied both for selecting and applying the accounting policies

☐ It is not applied in selecting and applying the accounting policies

Financial Accounting II (MGT401)

Question: **43** (Marks: 1)Attempted Questions: **42**Total Questions: **69**

Accounting for long term contract was switched over from "Completed Contract Method" to "Percentage of Completed Method". Whether it is:

Choices:

☐ Change in accounting policy☐ Prior period error☐ Change in accounting estimate☐ Irrelevant item with respect to IAS-08

Financial Accounting II (MGT401)

Question: **44** (Marks: 1)Attempted Questions: **43** Total Questions: **69**

A prior period error shall be corrected by:

Choices:

☐ Retrospective restatement☐ Prospective application☐ Shall not be corrected☐ Costing

Financial Accounting II (MGT401)

Question: **45** (Marks: 1)Attempted Questions: **44** Total Questions: **69**

Which of the following is included in the Equity Section of the Balance Sheet?

Choices:

☐ Share capital☐ Long term financing☐ Deferred cost☐ Liability against assets subject to finance lease

Financial Accounting II (MGT401)

Question: **46** (Marks: 1)Attempted Questions: **45** Total Questions: **69**

Which of the following is **NOT** included in the Equity Section of the Balance Sheet?

Choices:

☐ Current portion of long term liability☐ Paid up capital☐ Reserves☐ Un-appropriated profit

Financial Accounting II (MGT401)

Question: **47** (Marks: 1)Attempted Questions: **46** Total Questions: **69**

Which of the following is FALSE with respect to IAS-02?

Choices:

☐ Goods on consignment are included in consignee inventory

☐ Under the weighted average method, the pricing of issues from inventory is deferred until the end of accounting period

☐ In period of rising prices FIFO method gives the highest inventory compared to LIFO method

☐ In period of rising prices FIFO method gives the highest net profit compared to LIFO method

Financial Accounting II (MGT401)

Question: **48** (Marks: 1)Attempted Questions: **47** Total Questions: **69**

Which of the following method is preferred method by IAS 07 to prepare Cash flow statement?

Choices:

☐ Direct method☐ Indirect method☐ Algebraic method☐ All of the given options

Financial Accounting II (MGT401)

Question: **49** (Marks: 1)Attempted Questions: **48**Total Questions: **69**

The difference between the direct and indirect methods of preparing statement of cash flows is:

Choices:

☐ Applies to the operating activities section of the statement

☐ Applies to the operating and financing sections of the statement

☐ Applies to the financing section of the statement

☐ The indirect method only looks at one accounting period, while the direct method takes into account the current and prior accounting periods

Financial Accounting II (MGT401)

Question: **50** (Marks: 1)Attempted Questions: **49** Total Questions: **69**

Which of the following is the example of Distribution Cost?

Choices:

☐ Selling costs☐ Depreciation charges☐ Rent charges☐ Utility expenses

Financial Accounting II (MGT401)

Question: **51** (Marks: 1)Attempted Questions: **50** Total Questions: **69**

The process of determining the present value of a payment or a stream of payments that is to be received in the future is known as:

Choices:

☐ Discounting☐ Compounding☐ Factorization☐ None of the given options

Financial Accounting II (MGT401)

Question: **52** (Marks: 1)Attempted Questions: **51** Total Questions: **69**

Which of the following process can be defined as the process of generating earnings from previous earnings?

Choices:

☐ Discounting☐ Compounding☐ Factorization☐ None of the given options

Financial Accounting II (MGT401)

Question: **54** (Marks: 1)Attempted Questions: **53** Total Questions: **69**

If Company B holds more than 50% shares of Company A and therefore "A" is a subsidiary of "B" and Company C holds more than 50% shares of Company B and therefore "B" is a subsidiary of "C", then which of the following statement is TRUE about direct and indirect subsidiary?

Choices:

☐ "B" is direct subsidiary of "A"

☐ "C" is direct subsidiary of "B"

☐ "C" is indirect subsidiary of "A"

☐ "A" is indirect subsidiary of "C"

Financial Accounting II (MGT401)

Question: **53** (Marks: 1)Attempted Questions: **53** Total Questions: **69**

Which of the following comes under the heading of current liabilities?

Choices:

☐ Murabaha☐ Bonds☐ Debentures☐ Loan on mortgage

Financial Accounting II (MGT401)

Question: **55** (Marks: 1)Attempted Questions: **54** Total Questions: **69**

Which of the following reserve is utilized by the Company for the purpose of writing off preliminary expenses?

Choices:

☐ Share capital reserve☐ Share premium reserve☐ Revenue Reserve☐ Incremental reserve

Financial Accounting II (MGT401)

Question: **56** (Marks: 1)Attempted Questions: **55**Total Questions: **69**

Which of the following condition must be fulfilled for reduction in share capital?

Choices:

☐ Special resolution☐ Approval of court☐ Pay off any share capital that is in excess of its needs☐ All of the given options

Financial Accounting II (MGT401)

Question: **57** (Marks: 1)Attempted Questions: **56**Total Questions: **69**

Which of the following best explain the term sale and lease back?

Choices:

☐ The holder of an asset sells it to another party and then immediately leases it back again

☐ The holder of an asset sells it to another party

☐ The holder of an asset lease it to another party

☐ The holder of an asset let it out to another party

Financial Accounting II (MGT401)

Question: **58** (Marks: 1)Attempted Questions: **57** Total Questions: **69**

Which of the following is/are included under the head of Recognition and Disclosure of Leases?

Choices:

☐ Transfer of ownership at the end of lease term

☐ Lease term for major part of economic life of an asset

☐ Present value of MLP substantially equals the Future value of leased asset

☐ All of the given options

Financial Accounting II (MGT401)

Question: **59** (Marks: 1)Attempted Questions: **58** Total Questions: **69**

Which of the following is NOT recognized in the financial statements?

Choices:

☐ Contingent Liability☐ Absolute Liability☐ Fictitious Asset☐ Capital work in process

Financial Accounting II (MGT401)

Question: **60** (Marks: 1)Attempted Questions: **59**Total Questions: **69**

Which of the following fulfill the objective of Income statement?

Choices:

☐ It provides the information about financial position of the business

☐ It provides the information about financial performance of the business

☐ It provides the information about cash flows of the business

☐ All of the given options

Financial Accounting II (MGT401)

Question: **61** (Marks: 1)Attempted Questions: **60** Total Questions: **69**

Higher the value of inventory, higher will be the:

Choices:

☐ Loss☐ Net Loss☐ Profit☐ None of the given options

Financial Accounting II (MGT401)

Question: **62** (Marks: 1)Attempted Questions: **61**Total Questions: **69**

Which of the following fulfill the definition of Cash Equivalents?

Choices:

☐ Cash equivalents are those short term investments that can be converted into cash at any time

☐ Investments up to three months of maturity

☐ Short term investment papers up to two months of maturity

☐ All of the given options

Financial Accounting II (MGT401)

Question: **63** (Marks: 3)

Attempted Questions: **62** Total Questions: **69**

An asset, whose book value is Rs. 89,000, was destroyed by fire after the balance sheet date.

Required:

- Identify the type of event
 - What will be the accounting treatment?
-

Financial Accounting II (MGT401)

Question: **64** (Marks: 3)

Attempted Questions: **62** Total Questions: **69**

What do you know about the term Accounting Policies with respect to the IAS-08?

Financial Accounting II (MGT401)

Question: 66 (Marks: 5)

Attempted Questions: 62 **Total Questions: 69**

What are the Limitations on “Retrospective Restatements” with respect to IAS-08?

Financial Accounting II (MGT401)

Question: **67** (Marks: 5)Attempted Questions: **62** Total Questions: **69****If:**

• Accounts receivable at beginning	Rs. 250,000
• Accounts receivable at the end	190,000
• Credit sale	300,000

Then:

You are required to calculate the cash receipts from sale with the help of accounts receivables ledger account.