1. Was criterion is excluded in the definition of cash equivalents under PAS 7?
    a. Subject to an insignificant change in value
    b. Short – term, highly liquid investments
    c. Investment in high – quality instruments
    d. Readily convertible to known amounts of cash
2. In order to be classified as a cash equivalent, an investment must have a maturity period of
    a. Three months or less
    b. Three to six months
    c. Six months or less
    d. Less than six months
3. All of the following can be classified as cash and cash equivalent except
    a. bank drafts
    b. equity investment
    c. loan notes held due for repayment in 90 days
    d. redeemable preference shared acquired and due in 60 days
4. a cash short or over account is
    a. a contra-cash account
    b. not an accountable account life
    c. credit when the petty cash fund proves over
    d. credit when the petty cash fund proves short
5. Which of the following statements concerning compensating balance agreements is not true?
    a. They increased the effective interest rate to the borrower
    b. They reduce the amount of cash available to the borrower
    c. They always involved legal restrictions on the cash received
    d. They must be disclosed in the financial statements footnotes
6. A compensating balance is best reflected by which of the following?
    a. A saving account maintained at the bank equal to the amount of all outstanding loans
    b. An amount of capital stock held in the company's treasury equal to outstanding loan commitments
    c. A balance held in the time or demand deposit account that is equal to the interest currently due on a loan
    d. The portion of any demand deposit, time deposit, or certificate of the deposit maintained by an entity which constitute supporting for existing borrowing arrangements of the entity with a lending institution.
7. Account receivable usually in the balance sheet
    a. As current assets, combined with cash and cash equivalents
    b. As current assets, immediately after cash and cash equivalents

c. Only if the balance sheet method of estimating uncollectible account is used
d. As either current assets or noncurrent assets, depending on whether the allowance method or the direct write- of method is used to account for uncollectible accounts

8. Account receivable are classified assets
   a. Only if convertible into cash beyond one year
   b. Only if convertible into cash within 60 days or sooner
   c. Only if the allowance method is used to estimate the uncollectible accounts
   d. Whenever accounts receivable arise from "normal" sales to customers, regardless of the credit terms
9. When individual costumers account have credit balance of material amounts, there amounts
   a. Should be omitted from the balance sheet
   b. Must be reported separately in the liability section of the balance sheet
   c. May be shown as "credit balances of customers' accounts" in the current assets section
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    d. It requires less record-keeping effort than the gross method
13. Which of the following accounting principles primarily support the use of allowance for doubtful accounts?
    a. Continuity principle
    b. Cost principle
    c. Full-disclosure principle
    d. Matching principle

14. Loan and receivables are non-derivative financial assets
    a. With fixed or determinable payments that are quoted in an active market
    b. Without fixed or determinable payments that are quoted in an active market
    c. With fixed or determinable payments that are not quoted in an active market
    d. Without fixed or determinable that are not quoted in an active market
15. All of the following are characteristics of financial assets classified as loan and receivables, except
    a. They are not quoted in an active market
    b. They have fixed or determinable payments
    c. The holder has demonstrate positive intention and ability to hold them maturity
    d. The holder can be recover substantially all of its investment (unless there has been credit deterioration)
16. Short-term non-interest bearing notes receivable are usually recorded at their
    a. Discounted value
    b. Maturity value
    c. Net realizable value
    d. Parent value
17. A non-interest bearing note receivable
    a. Cause no bearing interest revenue to be recorded
    b. Includes a specified principal amount plus specified interest
    c. Includes a specified principal amount but an unspecified interest amount
    d. Includes an unspecified principal amount and an unspecified interest amount
18. Assuming that the ideal measure of short-term receivable in the balance sheet is the discounted value of the cash to be received in the future, failure to follow this practice usually does not make the balance sheet misleading because
    a. The amount of discount is not material
    b. Most receivable can be sold to a bank or factor
    c. Most short term receivable are not interest-bearing
    d. The allowance for uncollectible accounts includes a discount element
19. After being held for 60 days, 120-days 8% interest-bearing note receivable was discounted at a bank at 12%. The amount received from the bank is equal to
    a. Face value less discount rate at 8%
    b. Face value less discount rate of 12%
    c. Maturity value less discount at 8%
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20. All of the following would be regarded as financial instruments, except
    a. Bank overdraft
    b. Cash
    c. Equipment
    d. Notes payable

21. Which of the following is not classified as a financial instruments under PAS 39 (Financial Instruments?)
    a. Convertible bond
    b. Foreign current contract
    c. Loan receivable
    d. Warranty provision
22. Financial assets include all of the following except
    a. Cash in bank
    b. Loan receivable
    c. Inventories and prepaid items
    d. Trade account and notes receivable
23. Which of the following is not a category of financial assets defined in PAS 39?
    a. Loan and receivables
    b. Held-for-sale financial assets
    c. available-for-sale Held-for-sale financial assets
    d. financial assets at fair value through profit or loss
24. At what amount is financial assets of financial assets of financial liability measured on initial recognition
    a. Zero
    b. The consideration paid (received) for the financial assets (financial liability)
    c. Acquisition cost which is the consideration paid plus any directly attributable costs
    d. Fair value. For items that are not measured at fair value through profit or loss, transaction cost are also included in the initial measurement.
25. Under PFRS 9 an entity shall measure a note after initial recognition at
    a. Amortized cost
    b. Fair value through profit or loss
    c. Either amortized cost or fair value through profit or loss
    d. Either amortized cost or fair value through other comprehensive income
26. Which of the following categories of financial assets is measured at fair value in the balance sheet?
    a. Loans and receivables
    b. Held-to-maturity investments
    c. Available-for-sale financial assets
    d. Investments in unquoted equity instruments
27. Under IFRIC 19, how should an entity measure equity instruments issued to extinguish all or part financial liability (in the order of priority)?

    I. Fair value of the equity instruments issued

    II. Fair value of the liabilities extinguished

    III. Carrrying amount of the liability issued

a. II, II,III
b. I,III,II
c. II,I,II
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28. What is the best evidence of fair value of a financial instrument?
    a. The present value of the contractual cash flow less impairment
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    c. Its cost, including transaction costs directly attribute to purchase, origination or issuance
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    a. Type of investment only
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    a. Which has been purchased recently
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    d. Realized and unrealized only
32. Organization to which PAS 28 Investment in Associate applies include
    a. Mutual funds
    b. Unincorporated entities
    c. Unit trusts
    d. Venture capital organizations
33. It's is a method of accounting whereby the investment is initially recognized at cost adjusted thereafter for the post acquisition change in the investor's share of the investee's net assets
    a. Consolidation method
    b. Equity method
    c. Cost method
    d. Fair value method
34. The accounting method applied to investments in associates, know as the equity method is also known as the

a. Entity method of consolidation
b. Multiple line in consolidation method
c. On-line consolidation method
d. Propriety method of consolidation

35. The equity method of accounting is specifically required for investment in
    a. Associates
    b. Available-for –sale securities
    c. Held-to maturity debt securities
    d. Trading debt securities
36. How is goodwill arising in the acquisition of an associate dealt with in the financial statements?
    a. It is amortized
    b. It is written of against profit or loss
    c. It is tested for impairment periodically
    d. Goodwill is not recognized separately within the carrying amount of the investment
37. Which does PFRS 7 not required to be closed about exposure to risk arising from financial instruments?
    a. Qualitative and quantitative information about credit risk
    b. Qualitative and quantitative information about liquidity risk
    c. Qualitative information about market risk
    d. Qualitative and quantitative information about operational risk
38. The risk of an accounting loss from a financial instrument due to possible failure if another party to perform according to terms of the contract is known as
    a. Credit risk
    b. Investment risk
    c. Market risk
    d. Off-balance-risk
39. In accordance with PFRS 7, Financial Instruments Disclosure, which of the following nest describes credit risk?
    a. The risk that an entity's credit facilities will be withdrawn due to cash flow sensitivities
    b. The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities
    c. The risk that the fair value associated with an instruments will vary due to change in the counterparty's credit rating
    d. The risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation
40. Which describe the risk that an entity will encounter if it has difficulty in meeting obligations associated with financial liabilities?
    a. Credit risk
    b. Financial risk

c. Liquidity risk
d. Payments risk

41. In ordinance with PFRS 7, Financial Instrument Disclosure, which of the following best describe the risk that an entity will encounter if it has difficulty in meeting obligations associated with its financial liabilities?
    a. Credit risk
    b. Financial risk
    c. Liquidity risk
    d. Payments risk
42. Which of the following is include in the scope of PAS 2 but excluded from the measurement rule?
    a. Finished goods produced
    b. Biological assets held for regular sale
    c. Damage merchandise inventory of a retailer
    d. Land held for resale by subdivision company or real estate developer
43. Which of the following is exclude in the scope of PAS 2 on inventories
    a. Construction in progress
    b. Inventories of a service provider
    c. Manufacturing supplies
    d. Raw materials
44. Inventories under PAS 2 do not include
    a. Construction –in-progress
    b. Finished goods
    c. Goods held for resale
    d. Raw materials
45. Which may be include as part of the cost of inventories under PAS 2?
    a. Selling costs
    b. Administrative costs
    c. Costs of designing product for specific customers
    d. Abnormal amounts of wasted material, labor or other production costs.
46. Costs that are incurred in bringing the inventories to their present locations and condition are capitalize as costs of inventories and these include
    a. Distribution costs
    b. Cost of designing product for specific customers
    c. Abnormal amount of wasted material, labor and production cost
    d. Storage cost not necessary in the production process before a further production stage
47. Under PAS 2 , the fixed production overhead is allocated to the inventory units if the basis of the production facility's
    a. Actual capacity
    b. Ideal capacity

c. Normal capacity
d. Theoretical capacity

48. Abnormal spoilage in manufacturing process should be charge to
    a. Accumulated profit or loss
    b. Manufacturing overhead applied
    c. Manufacturing overhead control
    d. Profit or loss
49. Under PAS 2, items of inventory that are used by business enterprise as components in a self-constructed property asset are required to be
    a. Capitalized and depreciated
    b. Added to a property construction provision account
    c. Expense directly into equity in the period in which the items are used
    d. Aggregated into the cost of goods sold expense in the period in which the items are used.
50. Which of the following is least likely to be included in cost of inventory?
    a. Cost to store goods
    b. Excise tax on goods purchased
    c. Freight-in
    d. Purchase cost of goods
51. Which of the following conversion costs cannot be included in list of inventory?
    a. Cost of direct labor
    b. Salaries of sales staff
    c. Production rent and utilities
    d. Factory overhead based on normal capacity
52. Which of the following would not be include in the inventory amount reported on a company's balance sheet?
    a. Items shipped out on consignment to another company
    b. Items shipped today FOB shipping point: invoice had been mailed to the customer
    c. Items in the receiving department of the company; returned by the customer, invoice has been mailed
    d. Items purchased from a supplier and in route directly to a costumer for the company; the term is FOB destination invoice received but not yet paid
53. A manufacturing company has which three basic types of inventory?
    a. Perpetual, periodic and estimated
    b. Specific identification, FIFO and average cost
    c. Raw materials, work in process, and finished goods
    d. Finished goods, work in process , and ready to sell merchandise
54. Which of the following should be include inventory?
    a. Goods out on consignment
    b. Goods held on consignment
    c. Goods held for pick-up by the buyer

d. Goods-in-transit purchased FOB destination.

55. What are consigned goods?
    a. Goods that are shipped but title transfers to the receiver
    b. Goods that are shipped but title remains with the shipper
    c. Goods have been segregated for shipment to a customer
    d. Goods that are should but payment is not required until the goods are sold
56. Inventory purchase are always recorded
    a. Gross of cash discount
    b. Gross of trade discount
    c. Net of cash discount
    d. Net of trade discount
57. The Purchase Discount Lost account may appear in the accounting records if which method is used to account for purchase discounts
    a. Allowance method
    b. Gross price method
    c. Net price method
    d. Sales price method
58. The use of discount lost account implies that cost of a purchased inventory item is the
    a. List price of the item
    b. Invoice price of the item
    c. Invoice priced less the purchase discount taken on the item
    d. Invoice price less the purchase discount not taken on the item
59. Inventory estimation will be required for all of the following except
    a. When interim financial statements are prepared
    b. When inventory is destroyed by typhoon or flashfloods
    c. As proof of reasonable accuracy of the physical inventory
    d. In the determination of the ending inventory to be shown in the balance sheet
60. Which of the following is not affected by the inventory valuation method used by business?
    a. Cost of goods sold
    b. Net income of the business
    c. Amounts owed for income taxes
    d. Amounts paid to acquire merchandise
61. The gross margin method of estimating ending inventory may be used for all of the following except
    a. Internal as well as external interim reports
    b. Internal as well as external year-end reports
    c. Estimate of inventory destroyed by fire or the other casualty
    d. Rough test of the validity of an inventory cost determined under either periodic or perpetual
62. A major advantage of the retail inventory methods is that is

a. Hides costs from customers and employees
b. Gives a more accurate statement of inventory cost item than other methods
c. Permits companies which use it to avoid taking an annual physical inventory
d. Provides a method for inventory control and facilities, determination of the periodic inventory

63. Which would most likely use the retail inventory method?
    a. A farm supply company
    b. A dealer in heavy machinery
    c. A men's clothing shop
    d. A TV repair company
64. Which of the following would cause a decrease in the cost ratio in the retail inventory method?
    a. Higher freight-in charges
    b. Higher retail price
    c. Lower net markups
    d. More employee discount given
65. Lower of cost or net realizable value as it applies to inventory is best describe as the
    a. Assumption to determine inventory flow
    b. Method of determining cost of goods sold
    c. Change in inventory value to net realizable value
    d. Reporting of loss when there is a decreased in the future utility below the original cost
66. PAS 2, inventories, required that when inventories were written down to net realizable value they are written-down
    a. On a class-by class basis
    b. On an item-by-item basis
    c. On the basis of industry segment
    d. According the geographical segment within the entity
67. Which of the following is not dealt with by PAS 41 on Agriculture?
    a. The accounting for biological assets
    b. The processing of agricultural produce after harvesting
    c. The accounting treatment of government grants in respect to biological assets
    d. The initial measurement of agricultural produce harvest from the entity's biological assets
68. Where there is a long aging or maturation process after harvest, the accounting for such products is dealt with by
    a. PAS 41, Agriculture
    b. PAS 2, Inventory
    c. PAS 16, Property, Plant and Equipment
    d. PAS 40, Investment Property
69. Which of the following is not accounted for under PAS 41 (Agriculture)?
    a. Milk

b. Sugar
c. Vines
d. Wool

70. Agricultural activity
a. Is the harvested product of the entity's biological assets
b. Is the detachment of agricultural produce from a biological assets of the cessation of a biological assets life process
c. Is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into another biological asset?
d. Relates to the process of growth, degeneration, production and procreation that can cause change of quantitative or qualitative nature in biological asset

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    d. Land held for resale by subdivision company or real estate developer
43. Which of the following is exclude in the scope of PAS 2 on inventories
    a. Construction in progress
    b. Inventories of a service provider
    c. Manufacturing supplies
    d. Raw materials
44. Inventories under PAS 2 do not include
    a. Construction –in-progress
    b. Finished goods
    c. Goods held for resale
    d. Raw materials
45. Which may be include as part of the cost of inventories under PAS 2?
    a. Selling costs
    b. Administrative costs
    c. Costs of designing product for specific customers
    d. Abnormal amounts of wasted material, labor or other production costs.
46. Costs that are incurred in bringing the inventories to their present locations and condition are capitalize as costs of inventories and these include
    a. Distribution costs
    b. Cost of designing product for specific customers
    c. Abnormal amount of wasted material, labor and production cost
    d. Storage cost not necessary in the production process before a further production stage
47. Under PAS 2 , the fixed production overhead is allocated to the inventory units if the basis of the production facility's
    a. Actual capacity
    b. Ideal capacity

c. Normal capacity
d. Theoretical capacity

48. Abnormal spoilage in manufacturing process should be charge to
    a. Accumulated profit or loss
    b. Manufacturing overhead applied
    c. Manufacturing overhead control
    d. Profit or loss
49. Under PAS 2, items of inventory that are used by business enterprise as components in a self-constructed property asset are required to be
    a. Capitalized and depreciated
    b. Added to a property construction provision account
    c. Expense directly into equity in the period in which the items are used
    d. Aggregated into the cost of goods sold expense in the period in which the items are used.
50. Which of the following is least likely to be included in cost of inventory?
    a. Cost to store goods
    b. Excise tax on goods purchased
    c. Freight-in
    d. Purchase cost of goods
51. Which of the following conversion costs cannot be included in list of inventory?
    a. Cost of direct labor
    b. Salaries of sales staff
    c. Production rent and utilities
    d. Factory overhead based on normal capacity
52. Which of the following would not be include in the inventory amount reported on a company's balance sheet?
    a. Items shipped out on consignment to another company
    b. Items shipped today FOB shipping point: invoice had been mailed to the customer
    c. Items in the receiving department of the company; returned by the customer, invoice has been mailed
    d. Items purchased from a supplier and in route directly to a costumer for the company; the term is FOB destination invoice received but not yet paid
53. A manufacturing company has which three basic types of inventory?
    a. Perpetual, periodic and estimated
    b. Specific identification, FIFO and average cost
    c. Raw materials, work in process, and finished goods
    d. Finished goods, work in process , and ready to sell merchandise
54. Which of the following should be include inventory?
    a. Goods out on consignment
    b. Goods held on consignment
    c. Goods held for pick-up by the buyer

d. Goods-in-transit purchased FOB destination.

55. What are consigned goods?
    a. Goods that are shipped but title transfers to the receiver
    b. Goods that are shipped but title remains with the shipper
    c. Goods have been segregated for shipment to a customer
    d. Goods that are should but payment is not required until the goods are sold
56. Inventory purchase are always recorded
    a. Gross of cash discount
    b. Gross of trade discount
    c. Net of cash discount
    d. Net of trade discount
57. The Purchase Discount Lost account may appear in the accounting records if which method is used to account for purchase discounts
    a. Allowance method
    b. Gross price method
    c. Net price method
    d. Sales price method
58. The use of discount lost account implies that cost of a purchased inventory item is the
    a. List price of the item
    b. Invoice price of the item
    c. Invoice priced less the purchase discount taken on the item
    d. Invoice price less the purchase discount not taken on the item
59. Inventory estimation will be required for all of the following except
    a. When interim financial statements are prepared
    b. When inventory is destroyed by typhoon or flashfloods
    c. As proof of reasonable accuracy of the physical inventory
    d. In the determination of the ending inventory to be shown in the balance sheet
60. Which of the following is not affected by the inventory valuation method used by business?
    a. Cost of goods sold
    b. Net income of the business
    c. Amounts owed for income taxes
    d. Amounts paid to acquire merchandise
61. The gross margin method of estimating ending inventory may be used for all of the following except
    a. Internal as well as external interim reports
    b. Internal as well as external year-end reports
    c. Estimate of inventory destroyed by fire or the other casualty
    d. Rough test of the validity of an inventory cost determined under either periodic or perpetual
62. A major advantage of the retail inventory methods is that is

a. Hides costs from customers and employees
b. Gives a more accurate statement of inventory cost item than other methods
c. Permits companies which use it to avoid taking an annual physical inventory
d. Provides a method for inventory control and facilities, determination of the periodic inventory

63. Which would most likely use the retail inventory method?
a. A farm supply company
b. A dealer in heavy machinery
c. A men's clothing shop
d. A TV repair company

64. Which of the following would cause a decrease in the cost ratio in the retail inventory method?
a. Higher freight-in charges
b. Higher retail price
c. Lower net markups
d. More employee discount given

65. Lower of cost or net realizable value as it applies to inventory is best describe as the
a. Assumption to determine inventory flow
b. Method of determining cost of goods sold
c. Change in inventory value to net realizable value
d. Reporting of loss when there is a decreased in the future utility below the original cost

66. PAS 2, inventories, required that when inventories were written down to net realizable value they are written-down
a. On a class-by class basis
b. On an item-by-item basis
c. On the basis of industry segment
d. According the geographical segment within the entity

67. Which of the following is not dealt with by PAS 41 on Agriculture?
a. The accounting for biological assets
b. The processing of agricultural produce after harvesting
c. The accounting treatment of government grants in respect to biological assets
d. The initial measurement of agricultural produce harvest from the entity's biological assets

68. Where there is a long aging or maturation process after harvest, the accounting for such products is dealt with by
a. PAS 41, Agriculture
b. PAS 2, Inventory
c. PAS 16, Property, Plant and Equipment
d. PAS 40, Investment Property

69. Which of the following is not accounted for under PAS 41 (Agriculture)?
a. Milk

b. Sugar
c. Vines
d. Wool

70. Agricultural activity

a. Is the harvested product of the entity’s biological assets
b. Is the detachment of agricultural produce from a biological assets of the cessation of a biological assets life process
c. Is the management by an entity of the biological transformation of biological assets for sale, into agricultural produce, or into another biological asset?
d. Relates to the process of growth, degeneration, production and procreation that can cause change of quantitative or qualitative nature in biological asset