1. Which of the following items would be classified as biological asset?
   a. Apple
   b. Butter
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   a. At fair value
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   d. In accordance with PAS 16 Property, Plant and Equipment, or PAS 40, Investment Property
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   c. Income tax expense and finance costs
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16. Which of the following statements best describe owned-occupied property under PAS 40 Investment Property?
   a. Property held to earn rentals
   b. Property for administrative purpose
   c. Property for sale in the ordinary course of business
   d. Property for use in the production and supply of goods and service
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   c. B and D
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30. Identify the specific term which is defined as "present value of cash flow" that is particularly mentioned in PAS 16, (PPE) and PAS 38 (Intangible Assets) to determine whether or not an exchange transaction of assets contains commercial substance
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36. For companies that prepare financial statement in accordance with PFRS, plant, property and equipment should be valued using which models?
a. The cost model or the fair value model
b. The cost model or the revaluation model
c. The revaluation model or the fair value model
d. The cost model or the fair value through profit of loss model

37. If a reporting entity chooses to switch from the cost model to the evaluation model of property, plant and equipment, the periodic depreciation charge usually will
a. Decrease
b. No longer be required
c. Increase
d. Not be affected

38. The initial application of policy to revalue assets in accordance with PAS 16, Property, Plant and Equipment or with PAS 38, Intangible Assets
a. Must be treated as an extraordinary event
b. Must be accounted for as a change in accounting policy
c. Must not be accounted for as a change in accounting policy
d. May be accounted for in accordance for in accordance with the requirements of the Conceptual Framework

39. PAS 23 defines qualifying assets as assets that necessarily take a substantial period of time to get it ready for its intended use or sale. Which of the following is not qualifying asset?
a. Inventories such as wine and cigars
b. Building that will take three years to construct
c. Manufacturing plant and power generation facilities
d. Machinery that is purchased under a three-year installment period

40. Which of the following may not be considered a “qualifying asset”?
a. a toll bridge that usually takes more than a year to build
b. A ship normally takes one or two years to accomplish
c. An expensive private jet can be purchased from a local vendor
d. A power generation plant that normally takes two years to conduct

41. Borrowing cost related to a qualifying asset shall be
a. Capitalized
b. Expensed in the period incurred
c. Neither capitalized nor expense in the period incurred
d. Capitalized or expense in the period incurred, whichever is more convenient

42. It is permissible to capitalized interest on
a. Assets under construction

b. Inventories that routinely manufactured in large quantities on representative basis
c. Assets that already are in use or are ready for their intended use in the earning activities on the entity
d. Assets that are not being used in earning activities of the entity and that are not undergoing the activities to get them ready for such use

43. PFRS 6 applies to expenditures incurred
a. When a specific are is being developed and preparation for commercial extraction are being made
b. In extracting mineral resources and processing the resources to make it marketable or transportable
c. When searching for an area that may want detailed exploration, even though the entity has not yet obtained the legal rights to explore a specific area
d. When the legal right to explore a specific are have been obtained, but the technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable

44. Does PFRS 6 required an entity to recognized exploration and evaluation expenditures of asset?
a. No. Such expenditure is always expensed in profit or loss a is incurred
b. Yes, but only to the extent that such expenditures is recoverable in future periods
c. Yes, but only to the extent required by the entity's accounting policy for recognizing assets
d. Yes, but only to the extent required by the entity's accounting policy for recognizing exploration and evaluation assets.

45. Which of the following expenditures would never qualify a san exploration and evaluation asset?
a. Expenditures for exploratory drilling
b. Expenditures for acquisition of right to explore
c. Expenditures related to the development of mineral resources
d. Expenditures for activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources

46. In relation to amortization of intangible, PAS 38 requires that intangible useful lives
a. Must be amortized across a period of no more than 20 years
b. Are amortized by the straight-line method across their useful lives
c. Should not be amortized in the period in which maintenance of the assets occurs

47. In the relation to the amortization of intangible assets, the basic rule under PAS 38 unless is that unless demonstrate otherwise
a. The residual is presumed to be zero
b. The residual need not be reviewed at the end of teach annual reporting period
c. The residual value does not enter into the determination of the amortization charge
d. All intangible assets have a residual value at least equal to the amount of maintenance cost incurred

48. A purchase patent has a remaining legal life of 8 years. It should be
    a. Expensed in the year of acquisition
    b. Amortized over a period of 10 or 20 years
    c. Amortized over its useful life, if less than 8 years
    d. Amortized over 8 years regardless of the useful life
49. Which of the following is most likely not be amortized over the periods of estimated benefit?
    a. Patent right purchased from an investor
    b. Costs incurred in organizing a corporation
    c. Lease right paid to owner of property for the usufruct
    d. Development cost that resulted in a successful product
50. Under PAS 38, which of the following methods of amortization is normally not recommended for intangible assets
    a. Declining balance method
    b. Effective interest method
    c. Straight-line method
    d. Units of production method
51. Under PAS 38, intangible assets should be carried at
    a. Cost less accumulated depreciation
    b. Revalued amount less accumulated depreciation
    c. Cost less accumulated amortization and/or accumulated impairment
    d. Cost plus a notional increase in fair value since the intangible assets is acquired
52. Which of the following of these is expensed as incurred by the franchisee for a franchise with an estimated useful life of ten years?
    a. Initial amount paid to the franchisor for the franchise
    b. Any initial direct costs incurred in obtaining the franchise
    c. Legal fees paid to the franchisee's lawyer to obtain the franchise
    d. Periodic payments to the franchisor based on the franchisee's revenue
53. Cost incurred by a company that may develops its own goodwill internally should
    a. Expensed in the period incurred
    b. Capitalized and amortized over the useful life of the goodwill
    c. Capitalized and amortized as the company profits increased
    d. Capitalized and amortized over a period not to exceed 40 years
54. Goodwill, when properly recognized should be written off
    a. When impairment loss occurs
    b. As soon as possible as an ordinary item
    c. As soon as possible against retained earnings
    d. By systematic charge to expense over the period benefited , but not more than 20 years
55. Which of the following note disclosure is not required by PAS 38?
    a. Useful lives of the intangible assets
    b. Fair value of similar intangible assets used by the competitors

c. Contractual commitments for the acquisition of intangible assets
d. Reconciliation of carrying amount at the beginning and end of the year

56. The following statements are based on PAS 38 (Intangible assets)
Statement I: Internally generated goodwill shall not be recognized as an asset
Statement II: No intangible asset arising from research or research phase of an internal project shall be recognized
Statement III: internally generated brands, mastheads, publishing titles, customer list and items similar in substance shall be recognized as intangible assets

	A	B	C	D
Statement I	True	True	True	True
Statement II	True	True	False	False
Statement III	True	False	True	False

59. Under IFRIC 21, the private concession operator shall recognized infrastructure assets as
a. Intangible asset
b. Financial asset
c. Either intangible
d. Neither intangible asset nor financial asset

60. A newly set up dot-com entity has engaged you as it financial advisor. The entity recently completed one of its highly publicized research and development projects and seeks your advice in the accuracy of the following statements made by one of its stakeholders, which of the following statements is accurate?
a. Designing the jigs and tools qualify as research activities
b. Cost incurred during the "research phase" can be capitalized
c. Training costs of technicians used in research can be capitalized
d. Cost incurred during the "development phase" can be capitalized if criteria such as technical feasibility of the project being established are met.

61. Which of the following shall be treated as part of PPE according to PAS 38 on intangible assets?
a. Application software
b. Digitally-stored database
c. Operating system
d. Outsourced online program

62. A computer software purchase as an operating system for the hardware or as integral part of a computer controlled machine tool that operate without, the specific software shall be treated as
a. Expense
b. Intangible assets
c. Inventory
d. Property, plant and equipment

63. The proper accounting treatment for the costs incurred in creating computer software product is
   a. To all capitalize all costs until the software is sold
   b. To capitalize all costs as incurred until a detailed program design or working model is created
   c. To charge research and development expense only of the computer software has alternative future use
   d. To charge research and development expense when incurred until technological feasibility has been established for the product
64. PAS, Impairment of Assets, should be applied in accounting for the impairment of which type asset?
   a. Noncurrent assets held for sale
   b. Noncurrent assets measured at cost
   c. Assets arising from construction contracts
   d. Investment properties measured at fair value
65. These are group or divisional assets (e.g., head office building, EDP, equipment or research center) that do not generate cash inflows independently from other assets and that are usually regarded as part of cash generating unit
   a. Corporate assets
   b. Exclusive cash generating unit
   c. Service department
   d. Subsidiary
66. The internal sources of information indicating possible impairment include all of the following except
   a. Evidence of obsolescence or physical damage of the asset
   b. Significant decrease or decline in the market value of the asset
   c. Evidence that the economic performance of an asset will be worse that excepted
   d. Significant change in the manner/extent in which the asset is used with an adverse effect on the entity
67. The external sources of information indicating possible impairment included all of the following except
   a. The carrying amount of the net assets of the entity is more than its market capitalization
   b. Significant decline in budgeted net cash flows or significant increase in budgeted loss flowing from the asset
   c. Significant value in the technological, market, legal or economic environment of the business in which the assets is employed
   d. An increase in the interest rate or market rate of return on investment which will likely affect the discount rate used in calculating value in use
68. Which of the following is not an indication of possible asset impairment?
   a. The use of accelerated method for depreciation of the asset
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c. Significant decrease or decline in the market value of the asset
d. Evidence that economic performance of an asset will be worse than expected

69. Which of the following is not specifically excluded from the preview of PAS 20 on government grants?
    a. Forgivable loan from the government
    b. Government grant covered by PAS 41
    c. Government participation in ownership of the entity
    d. Government assistance provided in the form of tax benefits
70. These are government grants whose primary condition is that entity qualifying for them should purchase, construct, or otherwise acquire long term assets
    a. Grants related to assets
    b. Grants related to income
    c. Government appropriation
    d. Government gift

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    c. The revaluation model or the fair value model
    d. The cost model or the fair value through profit of loss model
37. If a reporting entity chooses to switch from the cost model to the evaluation model of property, plant and equipment, the periodic depreciation charge usually will
    a. Decrease
    b. No longer be required
    c. Increase
    d. Not be affected
38. The initial application of policy to revalue assets in accordance with PAS 16, Property, Plant and Equipment or with PAS 38, Intangible Assets
    a. Must be treated as an extraordinary event
    b. Must be accounted for as a change in accounting policy
    c. Must not be accounted for as a change in accounting policy
    d. May be accounted for in accordance for in accordance with the requirements of the Conceptual Framework
39. PAS 23 defines qualifying assets as assets that necessarily take a substantial period of time to get it ready for its intended use or sale. Which of the following is not qualifying asset?
    a. Inventories such as wine and cigars
    b. Building that will take three years to construct
    c. Manufacturing plant and power generation facilities
    d. Machinery that is purchased under a three-year installment period
40. Which of the following may not be considered a "qualifying asset"?
    a. a toll bridge that usually takes more than a year to build
    b. A ship normally takes one or two years to accomplish
    c. An expensive private jet can be purchased from a local vendor
    d. A power generation plant that normally takes two years to conduct
41. Borrowing cost related to a qualifying asset shall be
    a. Capitalized
    b. Expensed in the period incurred
    c. Neither capitalized nor expense in the period incurred
    d. Capitalized or expense in the period incurred, whichever is more convenient
42. It is permissible to capitalized interest on
    a. Assets under construction

b. Inventories that routinely manufactured in large quantities on representative basis
c. Assets that already are in use or are ready for their intended use in the earning activities on the entity
d. Assets that are not being used in earning activities of the entity and that are not undergoing the activities to get them ready for such use

43. PFRS 6 applies to expenditures incurred
a. When a specific are is being developed and preparation for commercial extraction are being made
b. In extracting mineral resources and processing the resources to make it marketable or transportable
c. When searching for an area that may want detailed exploration, even though the entity has not yet obtained the legal rights to explore a specific area
d. When the legal right to explore a specific are have been obtained, but the technical feasibility and commercial viability of extracting a mineral resource are not yet demonstrable

44. Does PFRS 6 required an entity to recognized exploration and evaluation expenditures of asset?
a. No. Such expenditure is always expensed in profit or loss a is incurred
b. Yes, but only to the extent that such expenditures is recoverable in future periods
c. Yes, but only to the extent required by the entity's accounting policy for recognizing assets
d. Yes, but only to the extent required by the entity's accounting policy for recognizing exploration and evaluation assets.

45. Which of the following expenditures would never qualify a san exploration and evaluation asset?
a. Expenditures for exploratory drilling
b. Expenditures for acquisition of right to explore
c. Expenditures related to the development of mineral resources
d. Expenditures for activities in relation to evaluating the technical feasibility and commercial viability of extracting mineral resources

46. In relation to amortization of intangible, PAS 38 requires that intangible useful lives
a. Must be amortized across a period of no more than 20 years
b. Are amortized by the straight-line method across their useful lives
c. Should not be amortized in the period in which maintenance of the assets occurs

47. In the relation to the amortization of intangible assets, the basic rule under PAS 38 unless is that unless demonstrate otherwise
a. The residual is presumed to be zero
b. The residual need not be reviewed at the end of teach annual reporting period
c. The residual value does not enter into the determination of the amortization charge
d. All intangible assets have a residual value at least equal to the amount of maintenance cost incurred

48. A purchase patent has a remaining legal life of 8 years. It should be
   a. Expensed in the year of acquisition
   b. Amortized over a period of 10 or 20 years
   c. Amortized over its useful life, if less than 8 years
   d. Amortized over 8 years regardless of the useful life
49. Which of the following is most likely not be amortized over the periods of estimated benefit?
   a. Patent right purchased from an investor
   b. Costs incurred in organizing a corporation
   c. Lease right paid to owner of property for the usufruct
   d. Development cost that resulted in a successful product
50. Under PAS 38, which of the following methods of amortization is normally not recommended for intangible assets
   a. Declining balance method
   b. Effective interest method
   c. Straight-line method
   d. Units of production method
51. Under PAS 38, intangible assets should be carried at
   a. Cost less accumulated depreciation
   b. Revalued amount less accumulated depreciation
   c. Cost less accumulated amortization and/or accumulated impairment
   d. Cost plus a notional increase in fair value since the intangible assets is acquired
52. Which of the following of these is expensed as incurred by the franchisee for a franchise with an estimated useful life of ten years?
   a. Initial amount paid to the franchisor for the franchise
   b. Any initial direct costs incurred in obtaining the franchise
   c. Legal fees paid to the franchisee's lawyer to obtain the franchise
   d. Periodic payments to the franchisor based on the franchisee's revenue
53. Cost incurred by a company that may develops its own goodwill internally should
   a. Expensed in the period incurred
   b. Capitalized and amortized over the useful life of the goodwill
   c. Capitalized and amortized as the company profits increased
   d. Capitalized and amortized over a period not to exceed 40 years
54. Goodwill, when properly recognized should be written off
   a. When impairment loss occurs
   b. As soon as possible as an ordinary item
   c. As soon as possible against retained earnings
   d. By systematic charge to expense over the period benefited , but not more than 20 years
55. Which of the following note disclosure is not required by PAS 38?
   a. Useful lives of the intangible assets
   b. Fair value of similar intangible assets used by the competitors

c. Contractual commitments for the acquisition of intangible assets
d. Reconciliation of carrying amount at the beginning and end of the year

56. The following statements are based on PAS 38 (Intangible assets)
Statement I: Internally generated goodwill shall not be recognized as an asset
Statement II: No intangible asset arising from research or research phase of an internal project shall be recognized
Statement III: internally generated brands, mastheads, publishing titles, customer list and items similar in substance shall be recognized as intangible assets

	A	B	C	D
Statement I	True	True	True	True
Statement II	True	True	False	False
Statement III	True	False	True	False

59. Under IFRIC 21, the private concession operator shall recognized infrastructure assets as
a. Intangible asset
b. Financial asset
c. Either intangible
d. Neither intangible asset nor financial asset

60. A newly set up dot-com entity has engaged you as it financial advisor. The entity recently completed one of its highly publicized research and development projects and seeks your advice in the accuracy of the following statements made by one of its stakeholders, which of the following statements is accurate?
a. Designing the jigs and tools qualify as research activities
b. Cost incurred during the "research phase" can be capitalized
c. Training costs of technicians used in research can be capitalized
d. Cost incurred during the "development phase" can be capitalized if criteria such as technical feasibility of the project being established are met.

61. Which of the following shall be treated as part of PPE according to PAS 38 on intangible assets?
a. Application software
b. Digitally-stored database
c. Operating system
d. Outsourced online program

62. A computer software purchase as an operating system for the hardware or as integral part of a computer controlled machine tool that operate without, the specific software shall be treated as
a. Expense
b. Intangible assets
c. Inventory
d. Property, plant and equipment

63. The proper accounting treatment for the costs incurred in creating computer software product is
   a. To all capitalize all costs until the software is sold
   b. To capitalize all costs as incurred until a detailed program design or working model is created
   c. To charge research and development expense only of the computer software has alternative future use
   d. To charge research and development expense when incurred until technological feasibility has been established for the product
64. PAS, Impairment of Assets, should be applied in accounting for the impairment of which type asset?
   a. Noncurrent assets held for sale
   b. Noncurrent assets measured at cost
   c. Assets arising from construction contracts
   d. Investment properties measured at fair value
65. These are group or divisional assets (e.g., head office building, EDP, equipment or research center) that do not generate cash inflows independently from other assets and that are usually regarded as part of cash generating unit
   a. Corporate assets
   b. Exclusive cash generating unit
   c. Service department
   d. Subsidiary
66. The internal sources of information indicating possible impairment include all of the following except
   a. Evidence of obsolescence or physical damage of the asset
   b. Significant decrease or decline in the market value of the asset
   c. Evidence that the economic performance of an asset will be worse that excepted
   d. Significant change in the manner/extent in which the asset is used with an adverse effect on the entity
67. The external sources of information indicating possible impairment included all of the following except
   a. The carrying amount of the net assets of the entity is more than its market capitalization
   b. Significant decline in budgeted net cash flows or significant increase in budgeted loss flowing from the asset
   c. Significant value in the technological, market, legal or economic environment of the business in which the assets is employed
   d. An increase in the interest rate or market rate of return on investment which will likely affect the discount rate used in calculating value in use
68. Which of the following is not an indication of possible asset impairment?
   a. The use of accelerated method for depreciation of the asset
   b. Evidence of obsolescence or physical damage of an asset

c. Significant decrease or decline in the market value of the asset
d. Evidence that economic performance of an asset will be worse than expected

69. Which of the following is not specifically excluded from the preview of PAS 20 on government grants?
    a. Forgivable loan from the government
    b. Government grant covered by PAS 41
    c. Government participation in ownership of the entity
    d. Government assistance provided in the form of tax benefits
70. These are government grants whose primary condition is that entity qualifying for them should purchase, construct, or otherwise acquire long term assets
    a. Grants related to assets
    b. Grants related to income
    c. Government appropriation
    d. Government gift