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	A	B	C	D
Statement I	True	True	False	False
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   a. Amortized over the life of the new issue
   b. Amortized over the remaining life of the extinguished issue
   c. Recognized in income before taxes in the period of extinguishment
   d. Recognized as an extraordinary item in the period of extinguishment
28. Which of the following is not a relevant consideration when evaluating whether to derecognize a financial liability?
   a. Whether the obligation has expired
   b. Whether the obligation has been canceled
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   d. Whether substantially all the risk and rewards of the obligation have been transferred
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34. Solar company leases a warehouse with adjoining land for a period of 15 years. The fair value of the leasehold interest in the land and of the warehouse are P502,000 and P251,000 respectively. The land has an indefinite economic life whereas the warehouse has a useful life of 15 years. Title to the land is not expected to pass at the end of the leases. Under PAS 17, Leases, what is the accounting treatment of these leased assets?

	A	B	C	D
Land	Finance lease	Finance lease	Operating lease	Finance lease
Warehouse	Finance lease	Operating lease	Finance lease	Operating lease

35. Under PAS 17, lessors are required to account for lease receipt from operation leases as
   a. Revenue, at the end of the lease from
   b. Income, on inception date of the lease
   c. Income, on a straight-line basis over the lease term
   d. Revenue, on a reducing balance basis over the lease term
36. As an inducement to enter a lease, as lessor granted a lessee 12 months of free rental under a 5 years of operating lease. The lease was effective on January 1, 2020, and provides for monthly rental payments to begin January 1, 2021. The lessee made the first rental payments on December 31, 2020. In its 2020 income statement, the lessor should report rental revenue in an amount equal to
   a. Zero
   b. Cash received during 2020
   c. One-fifth of the total cash to be received over the life of the lease
   d. One-fourth of the total cash to be received over the life of the lease AICPA 1194
37. According to PAS 19, Employee benefits, which of the following terms best describes other long term employee benefits?
   a. Benefits which are payable after completion of employment
   b. Benefits which fall due within twelve months of the end of the period in which the service is rendered
   c. Benefits not falling due wholly within twelve months of the end of the period in which the service is rendered
   d. Benefits payable as a result of an entity's decision to the end an employment before the normal retirement care
38. Under PAS 19, which of the following terms best describes benefits which are payable as a result of an entity's decision to end an employee's before the normal retirement date?
   a. Defined benefits plans
   b. Post-employment benefits
   c. Retrenchment benefits
   d. Termination benefits
39. The vested benefits of an employer represent benefits
   a. Accumulated in the hands of an independent trustee
   b. To be paid to the retirement employee in the current year

c. To be paid to the retired employee in the subsequent year
d. That are not contingent on the employer's continuing in the serve of the employer

40. If payment of employee's compensation for future absences if probable and the amount can be reasonably estimated and the obligation relates to right that vest or accumulated, the compensation should be
    a. Recognized when paid
    b. Accrued if attributable to employees' service not yet rendered
    c. Accrued if attributable to employees' service already rendered
    d. Accrued if attributable to employees' service whether or not already rendered
41. An employer's obligation for post-retirement benefits that are expected to be provide to an employee must be fully accrued by the date the
    a. Benefits are paid
    b. Employee retires
    c. Benefits are utilized
    d. Employees is fully eligible for benefits
42. An entity contributes to an industrial pension plan and provides arrangement for its employees. A large number of other employees also contribute to the pension plan, the entity makes contribution is respect to each employee. These contributions are kept separate from corporate assets and are used together with an investment income to purchase annuities for retired employees. The only obligation of the entity is to pay annual contributions. This pension scheme is a
    a. Defined benefit plan only
    b. Defined contribution plan only
    c. Multi-employer plan and a defined benefit scheme
    d. Multi-employer plan and a defined contribution scheme
43. Which of the following methods is used in PFRS to account for defined benefits pension plans?
    a. Accumulated benefits method
    b. Benefit-year-of-service method
    c. Project-unit-credit method
    d. Vested years of service method
44. In relation to measuring the pension expense under a defined benefit plan, which discount rate is used?
    a. Investment or actuarial risk
    b. Specific risk associated with the entity's business
    c. Market yields at the balance sheet date on high-quality bonds
    d. Risk that future experiences may differ from actuarial assumptions
45. PAS 26, Accounting and Reporting by Retirement Benefit Plans, should be applied to which one of the following?
    a. The cost to companies of employee retirement benefits
    b. Report to individuals of their future retirement benefits

c. The financial statement relating to an actuarial business
d. The general purpose financial reports of pension schemes

46. Which of these assets should be include within the valuation of plan assets?
   a. Unpaid contributions
   b. Investments in listed companies
   c. A loan to the entity that cannot be assigned to a third party
   d. Unlisted corporate bond which are redeemable but not transferable without the entity's permissions
47. One characteristic of a corporation is
   a. Unlimited liability of its owners
   b. Dissolution upon the death of an owner
   c. The ease with which ownership is transferred
   d. Shareholders acting as automatic corporate agents
48. Major factors contributing to growth of corporation-business includes all of the following except
   a. The lack of government regulation
   b. Limited liability of the shareholders
   c. Easy transferability of the share of ownership
   d. The facility to accumulated large amounts of resources
49. Preference share that has the most retroactive feature is
   a. Fully participating nonvoting
   b. Nonparticipating, cumulative, nonvoting
   c. Noncumulative, nonparticipating, nonvoting
   d. Noncumulative, fully participating, nonvoting
50. It is an equity instrument that is subordinate to all other classes of equity instrument
   a. Options
   b. Ordinary share
   c. Potential ordinary share
   d. Warrants
51. The type of share capital that normally carries the most right is
   a. Ordinary shares
   b. Convertible preference shares(nonvoting)
   c. Cumulative preference shares(nonvoting)
   d. Participating preference shares(nonvoting)
52. Capital stock is said to be watered when
   a. Assets are overstated
   b. Liabilities are overstated
   c. It is issued for assets other than cash
   d. It is sold at price in excess of book value
53. Under PAS 32 and PIC rules, any transaction costs attribute to the issuance of new shares
   a. Deducted from equity

b. Expensed immediately
c. Charge to retained earnings
d. Deducted from equity, net related income tax benefit

54. Under PIC rules, any costs of public offering of shares (i.e., stock market listing of shares) shall be
a. Deducted from equity
b. Expensed immediately
c. Charge to retained earnings
d. Deducted from equity, net of any related income tax benefit

55. When shares are issued for service received, the measure should be the
a. Book value of shares issued
b. Fair value of shares issued
c. Fair value of such services
d. Par value of shares issued

56. Common shares issued would exceed common shares outstanding as a result of
a. Declaration of a stock dividend
b. Declaration of stock slit
c. Purchase of treasury stock
d. Payment in full of subscribe stock

57. A gain or loss from one of the following transaction should not be included in determining income
a. Sale of plant equipment
b. Sale of product
c. Sale of treasury
d. Receipt of interest from bank deposits

58. Any loss incurred from the sale of treasury shares shall be charged to
a. Loss on sale of treasury shares to be reported as other expense
b. Retained earnings and them share premium from treasury shares
c. Share premium from treasury shares and then retained earnings
d. Share premium from original issuance, share premium from treasury shares and then retained earnings

59. The purchase of treasury stock does not affect
a. The amount of stock issued
b. The amount of stock outstanding
c. Total assets
d. Total shareholder's equity

60. Which of the following transaction involving the issuance of share does not come within the definition of a share-based payment under PFRS 2?
a. Shares appreciation rights
b. Employee share option plans
c. Employee share purchase plans

d. Share-based payment relating to an acquisition of a subsidiary

61. The classification of a share-based payment has an impact on measurement. What are the classification for share-based payment transaction under PFRS 2?
    a. Vested, not vested
    b. Equity-settled, and group settled
    c. Equity-settled, cash-settled, and share option-settled
    d. Equity-settled, cash-settled, share-based payment transaction with a settlement choice
62. The entity has issued a range of share options to employees. What type of share-based payment does this represent?
    a. Asset settled share-based payment
    b. Cash settled shared-based payment
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64. A company-issued share option is an instrument that gives the holder the right but not the obligation to
    a. Received a certain dividend declared by the company on a specific date
    b. Received a bonus issued of shares is proportion as notified date at a stated price
    c. Sell certain number of shares in the company by a specified date at a stated price
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65. "Option pricing model" is used is accounting for
    a. Interest in joint venture
    b. Share-based payment
    c. Impairment of goodwill and intangible assets
66. Under PFRS 2, which of the following valuation techniques should not be used as a first instance measure of fair value for shares and share options not traded in an active market?
    a. Binominal
    b. Black-Scholes model
    c. Intrinsic model
    d. Monte-carol model
67. Earnings per share disclosures are required only for
    a. Public entities
    b. Private entities
    c. Entities with complex capital structure

d. Entities the change their capital structure during the reporting period

68. Which of the following would be most indicative of a simple capital structure?
    a. Equity represented materially by liquid assets
    b. Earning interest from one primary line of business
    c. Ownership interest consisting solely of common stock
    d. Common stock, preferred stock, and convertible securities outstanding
69. Earnings per share are calculated before accounting from which of the following items?
    a. Minority interest
    b. Ordinary dividend
    c. Preference dividend of the period
    d. taxation
70. When ESP is computed dividends on preferred stock are
    a. Reported separately on the incoming statement
    b. Ignored because they do not pertain to the common stock
    c. Added because they represent earnings to preferred shareholders
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   c. Benefits not falling due wholly within twelve months of the end of the period in which the service is rendered
   d. Benefits payable as a result of an entity's decision to the end an employment before the normal retirement care
38. Under PAS 19, which of the following terms best describes benefits which are payable as a result of an entity's decision to end an employee's before the normal retirement date?
   a. Defined benefits plans
   b. Post-employment benefits
   c. Retrenchment benefits
   d. Termination benefits
39. The vested benefits of an employer represent benefits
   a. Accumulated in the hands of an independent trustee
   b. To be paid to the retirement employee in the current year

c. To be paid to the retired employee in the subsequent year
d. That are not contingent on the employer's continuing in the serve of the employer

40. If payment of employee's compensation for future absences if probable and the amount can be reasonably estimated and the obligation relates to right that vest or accumulated, the compensation should be
    a. Recognized when paid
    b. Accrued if attributable to employees' service not yet rendered
    c. Accrued if attributable to employees' service already rendered
    d. Accrued if attributable to employees' service whether or not already rendered
41. An employer's obligation for post-retirement benefits that are expected to be provide to an employee must be fully accrued by the date the
    a. Benefits are paid
    b. Employee retires
    c. Benefits are utilized
    d. Employees is fully eligible for benefits
42. An entity contributes to an industrial pension plan and provides arrangement for its employees. A large number of other employees also contribute to the pension plan, the entity makes contribution is respect to each employee. These contributions are kept separate from corporate assets and are used together with an investment income to purchase annuities for retired employees. The only obligation of the entity is to pay annual contributions. This pension scheme is a
    a. Defined benefit plan only
    b. Defined contribution plan only
    c. Multi-employer plan and a defined benefit scheme
    d. Multi-employer plan and a defined contribution scheme
43. Which of the following methods is used in PFRS to account for defined benefits pension plans?
    a. Accumulated benefits method
    b. Benefit-year-of-service method
    c. Project-unit-credit method
    d. Vested years of service method
44. In relation to measuring the pension expense under a defined benefit plan, which discount rate is used?
    a. Investment or actuarial risk
    b. Specific risk associated with the entity's business
    c. Market yields at the balance sheet date on high-quality bonds
    d. Risk that future experiences may differ from actuarial assumptions
45. PAS 26, Accounting and Reporting by Retirement Benefit Plans, should be applied to which one of the following?
    a. The cost to companies of employee retirement benefits
    b. Report to individuals of their future retirement benefits

c. The financial statement relating to an actuarial business
d. The general purpose financial reports of pension schemes

46. Which of these assets should be include within the valuation of plan assets?
   a. Unpaid contributions
   b. Investments in listed companies
   c. A loan to the entity that cannot be assigned to a third party
   d. Unlisted corporate bond which are redeemable but not transferable without the entity's permissions
47. One characteristic of a corporation is
   a. Unlimited liability of its owners
   b. Dissolution upon the death of an owner
   c. The ease with which ownership is transferred
   d. Shareholders acting as automatic corporate agents
48. Major factors contributing to growth of corporation-business includes all of the following except
   a. The lack of government regulation
   b. Limited liability of the shareholders
   c. Easy transferability of the share of ownership
   d. The facility to accumulated large amounts of resources
49. Preference share that has the most retroactive feature is
   a. Fully participating nonvoting
   b. Nonparticipating, cumulative, nonvoting
   c. Noncumulative, nonparticipating, nonvoting
   d. Noncumulative, fully participating, nonvoting
50. It is an equity instrument that is subordinate to all other classes of equity instrument
   a. Options
   b. Ordinary share
   c. Potential ordinary share
   d. Warrants
51. The type of share capital that normally carries the most right is
   a. Ordinary shares
   b. Convertible preference shares(nonvoting)
   c. Cumulative preference shares(nonvoting)
   d. Participating preference shares(nonvoting)
52. Capital stock is said to be watered when
   a. Assets are overstated
   b. Liabilities are overstated
   c. It is issued for assets other than cash
   d. It is sold at price in excess of book value
53. Under PAS 32 and PIC rules, any transaction costs attribute to the issuance of new shares
   a. Deducted from equity

b. Expensed immediately
c. Charge to retained earnings
d. Deducted from equity, net related income tax benefit

54. Under PIC rules, any costs of public offering of shares (i.e., stock market listing of shares) shall be
a. Deducted from equity
b. Expensed immediately
c. Charge to retained earnings
d. Deducted from equity, net of any related income tax benefit

55. When shares are issued for service received, the measure should be the
a. Book value of shares issued
b. Fair value of shares issued
c. Fair value of such services
d. Par value of shares issued

56. Common shares issued would exceed common shares outstanding as a result of
a. Declaration of a stock dividend
b. Declaration of stock slit
c. Purchase of treasury stock
d. Payment in full of subscribe stock

57. A gain or loss from one of the following transaction should not be included in determining income
a. Sale of plant equipment
b. Sale of product
c. Sale of treasury
d. Receipt of interest from bank deposits

58. Any loss incurred from the sale of treasury shares shall be charged to
a. Loss on sale of treasury shares to be reported as other expense
b. Retained earnings and them share premium from treasury shares
c. Share premium from treasury shares and then retained earnings
d. Share premium from original issuance, share premium from treasury shares and then retained earnings

59. The purchase of treasury stock does not affect
a. The amount of stock issued
b. The amount of stock outstanding
c. Total assets
d. Total shareholder's equity

60. Which of the following transaction involving the issuance of share does not come within the definition of a share-based payment under PFRS 2?
a. Shares appreciation rights
b. Employee share option plans
c. Employee share purchase plans

d. Share-based payment relating to an acquisition of a subsidiary

61. The classification of a share-based payment has an impact on measurement. What are the classification for share-based payment transaction under PFRS 2?
    a. Vested, not vested
    b. Equity-settled, and group settled
    c. Equity-settled, cash-settled, and share option-settled
    d. Equity-settled, cash-settled, share-based payment transaction with a settlement choice
62. The entity has issued a range of share options to employees. What type of share-based payment does this represent?
    a. Asset settled share-based payment
    b. Cash settled shared-based payment
    c. Equity shared-based payment
    d. Liability settled share-based payment
63. Royal Prince Company has issued a range of share options to employees. Under PFRS 2, Shared-based Payment, what type of share-based payment transaction does this represent?
    a. Cash-settled share-based payment transaction
    b. Equity-settled share-based payment transaction
    c. Liability-settled share-based payment transaction
    d. Account-settled share-based payment transaction
64. A company-issued share option is an instrument that gives the holder the right but not the obligation to
    a. Received a certain dividend declared by the company on a specific date
    b. Received a bonus issued of shares is proportion as notified date at a stated price
    c. Sell certain number of shares in the company by a specified date at a stated price
    d. Sell a certain number of share in the company by a specified date at a stated price
65. "Option pricing model" is used is accounting for
    a. Interest in joint venture
    b. Share-based payment
    c. Impairment of goodwill and intangible assets
66. Under PFRS 2, which of the following valuation techniques should not be used as a first instance measure of fair value for shares and share options not traded in an active market?
    a. Binominal
    b. Black-Scholes model
    c. Intrinsic model
    d. Monte-carol model
67. Earnings per share disclosures are required only for
    a. Public entities
    b. Private entities
    c. Entities with complex capital structure

d. Entities the change their capital structure during the reporting period

68. Which of the following would be most indicative of a simple capital structure?

a. Equity represented materially by liquid assets
b. Earning interest from one primary line of business
c. Ownership interest consisting solely of common stock
d. Common stock, preferred stock, and convertible securities outstanding

69. Earnings per share are calculated before accounting from which of the following items?

a. Minority interest
b. Ordinary dividend
c. Preference dividend of the period
d. taxation

70. When ESP is computed dividends on preferred stock are

a. Reported separately on the incoming statement
b. Ignored because they do not pertain to the common stock
c. Added because they represent earnings to preferred shareholders
d. Subtracted because they represent earning to preferred shareholders