

1. Which of the following components of other comprehensive income should not be recycled to profit or loss?
 - I. Changes in revaluation surplus
 - II. Changes in the fair value of "AFS" financial assets
 - III. Actuarial gains and losses on defined benefit plans.
 - IV. Gains and losses arising from translating the financial statements of foreign operations.
 - a. I and II only
 - b. I and III only
 - c. I, II and III only
 - d. I, II, III, and IV only
2. The profit or loss attributable to a monetary (non-controlling) interest is required to be presented on the face of the
 - a. Statement of cash flows
 - b. Balance sheet
 - c. Income statement
 - d. Statement of changes in equity
3. Which is not included in the computation of Comprehensive Income
 - a. Unrealized gain on available for sale financial assets
 - b. Unrealized changes in the balance of revaluation surplus
 - c. Loss from translating the financial statements of a foreign operation
 - d. Unrealized loss from derivative contract designated as fair value hedge
4. Statement I: An entity presenting a single income statement of comprehensive income (SCI) should present a statement of changes in equity (SCE)
 Statement II: An entity presenting a separate income statement and SCI no longer present a SCE

	A	B	C	D
Statement I	True	True	False	False
Statement II	True	False	True	False
5. Which the following items should be presented under cash flows from investing activities?
 - a. Employee costs
 - b. Property revaluation
 - c. Redemption of debentures
 - d. Development costs capitalized in the period
6. In the cash flow statement, alternatively, interest received and dividend received may be classified as cash flows from
 - a. Financing activities
 - b. Investing activities
 - c. Operating activities

- d. Revenue activities
7. Grand Corporation prepares its financial statements accordance with PFRS. Grand must report finance costs on the statement of cash flows.
- a. In financing activities
 - b. In operating activities
 - c. In investing activities or financing activities
 - d. Either in operating activities or financing activities
8. Under PAS 7, interest payments can be classified as part of either
- a. Investing or financing activities
 - b. Operating or investing activities
 - c. Operating or financing activities
 - d. Operating, investing or financing activities
9. An entity purchase a building and the seller accepts payment partly in equity shares and partly in debentures of the entity. This transaction should be treated in the cash flow statement as follows:
- a. This not belong in the cash flow statement and should be disclosed only in the notes to the financial statements.
 - b. The purchase of the building should be investing cash outflow and the issuance of shares and the debentures financing cash out flows
 - c. Ignore the transaction totally since it is a non-cash transaction. No mention is required in either the cash flow statement or in the notes to the financial statements.
 - d. The purchase of the building should be investing cash outflow and the issuance of debentures financing cash outflows, while the issuance of shares investing cash outflow
10. How is it possible for a firm to be profitable and still go bankrupt?
- a. Net income has been adjusted for inflation
 - b. Earning have increased more rapidly than sales
 - c. Sales have not improved even though credit policies have been eased
 - d. The firm have positive net income but has failed to generate cash from operations
11. What is the best evidence an assets fair value less cost to sell (net spelling price)?
- a. The carrying value of the asset
 - b. The fair value in an active market
 - c. The best estimate of knowledge parties
 - d. The selling price in a binding sale agreement
12. While an asset is 'held for sale' PFRS 5 prohibits
- a. The asset from being depreciated
 - b. Any further cost being capitalized as part of the asset
 - c. The recognition of any cash flows from the assets as operating cash flows
 - d. The recognition of any maintenance cost for the assets on an profit of loss of the period

13. An entity has an asset that was classified as held for sale; however, the criteria for it to remain as held for sale no longer apply. The entity should
- Remeasure the noncurrent asset at fair value
 - Leave the noncurrent asset in the financial statements at its carrying value
 - Recognize the noncurrent asset in its carrying amount prior to its classification as held for sale as adjusted for subsequent depreciation, amortization or revaluation
 - Measure the noncurrent asset at the lower of its carrying amount before the asset was classified as held for sale (as adjusted for subsequent depreciation, amortization or revaluation) and its recoverable amount at the date of the decision not to sell.
14. Which of the following statement about “noncurrent assets held for sale (PFRS 5) is false
- An asset held for the sale shall not be depreciate
 - Assets classified as held for sale are carried at lower of carrying amount or fair value less costs to sell
 - An asset classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable
 - An entity shall classify a noncurrent assets as held for sales if its carrying amount will be recovered principally through a sale or through continuing use.
15. A discontinued operation is defined as the disposal of a separate or major line of the business. Any resulting gain or loss on discontinued operations is reported as a(n)
- Prior period adjustments , after tax
 - Extraordinary gain or loss, after tax
 - Separate item preceding extraordinary items, pretax
 - Separate item from income under continuing operation, after tax
16. If the fair value less cost to sell is lower than the carrying amount of a noncurrent asset classified as held for sale, the difference is treated as a(n)
- Depreciation expense
 - Impairment loss
 - Not disclosure
 - Prior period adjustment
17. When the carrying amount of a non-current asset classified as held for sale under PFRS 5 is lower than its fair value less costs to sell, then
- No impairment loss occur
 - Impairment loss shall be recognized in profit or loss
 - Impairment loss shall be recognized in other comprehensive income
 - Impairment gain shall be disclosed in the notes to the financial statements
18. The result of discontinued operations should be presented a single amount in the
- Statements of changes is equity
 - Income statement in juxtaposition with income from continuing operation
 - Income statement, after tax, separately from income from continuing operations
 - Income statement, before tax, separately from income from continuing operations.

19. The following statements are based on PFRS 5 (Noncurrent Assets Held for Sale and Discontinued Operation):

Statement I: An entity shall classify a noncurrent asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use

Statement II: An extension of period required to complete a sale does not preclude an asset or disposal group from being classified as held for sale if the delay is caused by events or circumstance beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group)

Statement III: An entity shall measure a noncurrent asset or disposal group classified as held for sale at lower of its carrying amount and fair value less costs to sell.

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

20. When it is difficult to distinguish between a change in estimate and in accounting policy, then an entity should
- Treat the entire change as a change in accounting policy
 - Treat the entire change as a change in estimate with appropriate disclosure
 - Reasonably apportion the relative amounts of change is estimate and the change in accounting policy
 - It is best to ignore in the year of change, the entity should than wait for the following year to see how the change develops and treat it accordingly
21. Which type of accounting change should always be counted for in current and future periods?
- Change in accounting estimate
 - Change in accounting principle
 - Change in reporting entity
 - Correction of an error
22. Under PAS 8, change in estimate that result from new information made available to an entity shall be treated as a (an)
- Extraordinary item
 - Normal recurrent adjustment
 - Correction of errors rectified prospectively
 - Correction of errors rectified retrospectively
23. Which of the following is a characteristics of change on accounting estimate?
- It never needs to disclosed
 - It does not affected the financial statements of prior period
 - It requires the reporting of pro forma amounts for prior period

- d. It should be reported through restatement of the financial statements.
24. Which of the following is usually not treated retrospectively?
- a. Correction of prior period errors
 - b. Revision in depreciable assets useful life
 - c. Change in reporting entity and measurement basis
 - d. Change from weighted average to FIFO method for inventory
25. Which of the following changes would be accounted for prospectively?
- a. Corrections of prior period errors
 - b. Change in the expected life of a depreciable asset
 - c. First time presentation of consolidated financial statements
 - d. Change from FIFO to weighted-average for merchandise inventory
26. When it is impracticable to determine the effect of an error for all prior, the entity restates comparative information
- a. Prospectively up to the latest date practicable
 - b. Retrospectively from the latest date practicable
 - c. Prospectively from the earliest date practicable
 - d. Retrospectively from the earliest date practicable
27. A company discovered P20,000 overstatement of its 2020 ending inventory after the financial statements for 2020 were prepared. The effect of this error on the 2020 financial statements was
- a. Current assets were overstated and income was overstated
 - b. Current assets were overstated and income was understated
 - c. Current assets were understated and income was overstated
 - d. Current assets were understated and income was understated
28. If an entity incorrectly includes consignment item in the ending inventory, the effect on the next period's cost of goods sold and net income is
- a. Overstatement, overstatement
 - b. Overstatement, understatement
 - c. Understatement, overstatement
 - d. The period period's account will be correct
29. Which of the following could result overstatement of both current assets and shareholders' equity
- a. An understatement of accrued sales commission
 - b. Annual depreciation on manufacturing machinery is understated
 - c. Noncurrent note receivable principal is misclassified as current asset
 - d. Holiday pay expense for administrative employees is misclassified as factory overhead
30. Which among of the following errors could cause an understatement of owners' equity and overstatement of liabilities?
- a. Failure to record interest accrued on a note payable
 - b. Making the adjusting entry for depreciation expense twice

- c. Failure to correct record the earned portion of fees received in advance
- d. Failure to make the adjusting entry to record revenue which had been earned but not yet billed to customers.

31. The failure to record an accrued expense at year-end will result in overstatement errors for

CIA1196	A	B	C	D
Net income	Yes	Yes	No	No
Working capital	Yes	No	Yes	No
Cash	No	No	No	Yes

32. The failure to record an income at year-end will result in understating

	A	B	C	D
Cash	Yes	No	No	No
Profit	No	Yes	Yes	No
Working capital	No	Yes	No	Yes

33. Which among the following conditions results in a misleading comparison?

- a. No change in accounting principles
- b. The agreement within the financial statement is identical
- c. Changes in the nature on the underlying transaction are not disclosed
- d. No change in measurement recognition

34. What is correct concerning the 75% overall size test for operating segments?

- a. The total external revenue of all reportable segment is 75% or more of the entity's external revenue
- b. The total internal revenue of all reportable segments is 75% or more of the entity's internal revenue
- c. The total external and internal revenue of all reportable segment is 75% or more of the entity's external revenue
- d. The total external revenue of all reportable segments is 75% or more of the entity's external and internal revenue

35. As part of PFRS 8's entity-wide disclosures, if revenue from a single external customer account for 10% or more of the entity's total revenues an entity shall disclose

- I. The identify of major customers
 - II. The identity of the segment reporting the revenue
 - III. The total amount of revenues from each major customers
 - IV. The total amount of revenue reported in each segment for the major customer
- a. I and II only
 - b. II and III only
 - c. II and IV
 - d. III and IV

36. PFRS 8 now requires information to be disclosed about transactions with major customers. Which of the following statement is true about major customer?
- Statement I: A major customer is defined as one that provides revenue which amounts to 10% or more of combined internal and external revenue of all operating segment.
- Statement II: The identifies of major customer must be disclosed
- Statement I only
 - Statement II only
 - Both statements I and II
 - None of the foregoing statements
37. The following statements are based on the PFRS 8 (Operating Segment)
- Statement I: Its reported revenue, including both sales to external customers and intersegment sales, is 10% or more of the combined revenue, interest and external of all operating segments.
- Statement II: The absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (1) combined reported profit of all operating segments that did not report a loss and (2) combined reported loss of all operating segments that reported a loss.
- Statement III: Its assets are 10% or more of the combined assets of all operating segments. Which of the foregoing statements are true?
- I only
 - II only
 - I and II
 - I, II and III
38. Which of the following situations will require disclosure as a related party?
- In consolidated financial statements in respect to intra-group transactions
 - In parent separate financial statements when they are made available or published with the consolidated financial statements
 - In the financial statements of state-controlled enterprise of transaction with other state-controlled enterprises
 - In related party relationship where control exists, irrespective of whether there have been transaction between related parties.
39. The following are based on PAS 24 (Related Party Disclosures):
- Statement I: Relationship between a parent and its subsidiaries shall be disclosed only if there are transaction between them.
- Statement II: An entity shall disclosed the name of its parent and, if different, the ultimate controlling party.
- | | A | B | C | D |
|--------------|------|-------|-------|-------|
| Statement I | True | True | False | False |
| Statement II | True | False | True | False |
40. The following are based on PAS 24 (related Party Disclosure)

Statement I: Items of similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related-party transactions on the financial statements of the entity

Statement II: Disclosure that related-party transaction were made on terms equivalent to those that prevail in arm's length transaction are made only if such terms can be substantiated.

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

41. Under PAS 10, which of the following is classified as an adjusting event rather than a non-adjusting event?
 - a. The entity announced the discontinuance of its assembly operation
 - b. The entity entered into an agreement to purchase the freehold of its currently leased office building
 - c. destruction of a major production plant by fire
 - d. a mistake discovered in the calculation of the allowance for uncollectible trade receivable resulting to understatement of the trade receivables
42. type II events that are indicative of condition that arose after the balance sheet date are given the following treatment
 - a. Recognition in the balance sheet
 - b. Recognition in the balance income statement
 - c. Recognition in the cash flow statement
 - d. Note disclosure of the financial statements
43. Non-adjusting events after the balance sheet date should be disclosed if
 - a. They are unusual and material
 - b. They related condition existing at the balance sheet date
 - c. Non-disclosure would affect the amounts presented in the financial statements
 - d. Non-disclosure would affect the ability of users of the financial statements to make proper decision
44. Significant change in the market value trading securities occurring after the balance sheet date should
 - a. Be treated as a prior period error in next year's financial statements
 - b. Resulting in an adjustment of the market value used in the lower of cost or market valuation at balance sheet date
 - c. Be considered in the valuation of the securities at balance sheet date and disclosed in the notes to financial statements
 - d. Not be considered in the valuation of the securities at balance sheet date and disclosed in the notes to financial statements
45. Under PAS 10, an entity shall disclose all of the following in each material category of non-adjusting events, except

- a. The nature of the event
 - b. The estimate of the events financial effects
 - c. A statement that an estimate of event's financial effect cannot be made
 - d. A statement that an entity choose to classify the event as a non-adjusting event rather than as an adjusting event
46. If an entity publish a complete set of financial statements in its interim financial report, the form and content of those statements should conform to
- a. PAS 34 (Interim Financial Reporting)
 - b. PAS 27(Separate Financial Statements)
 - c. PAS 1 (Presentation of Financial Statements)
 - d. PFRS 10 (Consolidation of Financial Statements)
47. The interim financial report is intended to
- a. Provide an update on the latest complete set of annual financial statements
 - b. Correct error discovered subsequent to the financial statements
 - c. Provide additional information not disclosed previously in the annual financial statements
 - d. Provide information that are requested by the investor in relation to planned initial public offering
48. Conceptually, interim financial statements can be describe as emphasizing
- a. Comparability over neutrality
 - b. Relevance over comparability
 - c. Reliability over understandability
 - d. Timeliness over reliability
49. Issuance of interim financial statements is an example of a trade-off between
- a. Relevance and reliability
 - b. Reliability and periodicity
 - c. Timeliness and materiality
 - d. Understandability and timeliness
50. Issuance of interim financial statements is an example of trade-off between
- a. Prudent and relevant
 - b. Relevance and reliability
 - c. Reliable and verifiable
 - d. Unbiased and neutral
51. It is approach of looking into an entity's organization and management structure and its interim financial reporting system to identify the business and geographical segment for external reporting purpose
- a. Entity approach
 - b. Management approach
 - c. Organizational approach
 - d. Scientific approach

52. It is the approach of looking into an entity organization and management structure and its interim financial reporting system to identify the business and geographical segment for external reporting purpose
- Business or geographical approach
 - Entity approach
 - Management approach scientific approach
 - Scientific approach
53. PAS 34 states a presumption that anyone reading interim financial report will
- Have access to the records of the entity
 - Not make decision based on the report
 - Have access to the most recent annual report
 - Understand all Philippine Financial Reporting Standards
54. Under PAS 34, interim financial reports should be published
- On a quarterly basis
 - Once a year at an time in that year
 - Within a month of the half year end
 - Whenever the entity wishes
55. Revenue from an artistic performance is recognized once
- The event take place
 - The tickets for the concert are sold
 - Cash been received from ticket sales
 - The audience registers for the event online
56. Which of the following conditions does not apply to the recognition of revenue from transaction involving the rendering of service?
- It is probable that payment for service shall be received by the entity
 - The significant risk and rewards of ownership have been transferred to the buyer
 - The amount of revenue and the cost incurred and cost to complete can be measured reasonably
 - The stage of completion on the end of reporting period can be measured reliably
57. Which of the following is not allowed recognition of revenue under PAS 18?
- Revenue from royalties is recognized under accrual basis of accounting
 - Dividend revenue is recognized when the right to receive payment is established
 - Interest revenue is recognized on a time proportionate basis using the effective interest method
 - Revenue from services rendered is recognized under the installment method of accounting
58. Under the cost-recovery method of accounting for installment contract, income is recognized when
- Cash collected has exceeded cost
 - Collected
 - Earned

- d. Title is transferred to the buyer
59. Which of the following provides the best explanation for why warranty expense should be expensed and recorded in the year of the related sales?
- a. Full disclosure
 - b. Matching
 - c. Materiality
 - d. Revenue recognition
60. The matching principle is best demonstrated by
- a. Recognizing rent a revenue when the cash was collected
 - b. Allocating advertising expense to several reporting periods
 - c. Associating effort (cost) with the accomplishment (revenue)
 - d. Not recognizing any expense unless some revenue recognized
61. The entity sold appliance with 2 years warranty during the current period recognized the related warranty expense and liability. This transaction is an example of expense recognition based on.
- a. Cause and effect association
 - b. Immediate recognition
 - c. Systematic and rational allocation
 - d. None of the above
62. When cost can be reasonably associated with the specific revenue but not with specific product the cost should be
- a. Expensed in the period incurred
 - b. Capitalized and then amortized over a reasonable period
 - c. Expensed in the period in which the revenue is recognized
 - d. Allocated to the specific product based on the best estimate of the product processing
63. Which of the following involves recognizing an expense?
- a. Office supplies are consumed in operation
 - b. Factory supplies are consumed in production
 - c. A sales discount is granted to customer who pays within the discount period
 - d. Unrecorded wages are paid to laborers who pays within the discount period
64. Which of the following is the incorrect basis for recognizing the expense indicated?
- a. Depreciation expense on the basis of time
 - b. Administrative salaries expense recognized as incurred
 - c. Cost of goods sold expense on a substantive or arbitrary basis
 - d. Sales commissions expense on the basis of relationship with sales
65. The following expenditures should be expensed as incurred, except
- a. Payments for organization expense
 - b. Payment in advance of delivery of goods or services
 - c. Expenditures on advertising and promotional activities
 - d. Expenditures in relocating or reorganizing part or all of the enterprise

66. Which of the following are considered as example of expense?
- I. A loss on the disposal of a noncurrent assets?
 - II. A decrease in equity arising from distribution to equity participants
 - III. A decrease in economic benefits during the accounting period
 - IV. A reduction in come from the accounting period
- a. I and II
 - b. II and III
 - c. I and IV
 - d. III and IV
67. The internal control feature that is specific to petty cash is
- a. Assignment of responsibility
 - b. Imprest system
 - c. Proper authorization
 - d. Separation of duties
68. A deficiency in cash that may occur when the cashier performs the bookkeeping function
- a. Defalcation
 - b. Kiting
 - c. Lapping
 - d. Window dressing
69. Which is the following not considered cash from financial reporting purposes?
- a. Bank charge for the period
 - b. Errors made by the company
 - c. Petty cash fund and change funds
 - d. Posted check and IOUs
70. What criterion is excluded in the definition of cash equivalent under PAS 7?
- a. Short term, highly liquid investment
 - b. Investment in high-quality instruments
 - c. Subject to an insignificant change in valued
 - d. Readily convertible to know amounts of cash

1. Which of the following components of other comprehensive income should not be recycled to profit or loss?
 - I. Changes in revaluation surplus
 - II. Changes in the fair value of "AFS" financial assets
 - III. Actuarial gains and losses on defined benefit plans.
 - IV. Gains and losses arising from translating the financial statements of foreign operations.
 - a. I and II only
 - b. I and III only**
 - c. I, II and III only
 - d. I, II, III, and IV only

2. The profit or loss attributable to a monetary (non-controlling) interest is required to be presented on the face of the
 - a. Statement of cash flows
 - b. Balance sheet
 - c. Income statement**
 - d. Statement of changes in equity

3. Which is not included in the computation of Comprehensive Income
 - a. Unrealized gain on available for sale financial assets
 - b. Unrealized changes in the balance of revaluation surplus
 - c. Loss from translating the financial statements of a foreign operation**
 - d. Unrealized loss from derivative contract designated as fair value hedge

4. Statement I: An entity presenting a single income statement of comprehensive income (SCI) should present a statement of changes in equity (SCE)
 Statement II: An entity presenting a separate income statement and SCI no longer present a SCE

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

5. Which the following items should be presented under cash flows from investing activities?
 - a. Employee costs**
 - b. Property revaluation
 - c. Redemption of debentures
 - d. Development costs capitalized in the period
6. In the cash flow statement, alternatively, interest received and dividend received may be classified as cash flows from
 - a. Financing activities
 - b. Investing activities**
 - c. Operating activities

- d. Revenue activities
7. Grand Corporation prepares its financial statements accordance with PFRS. Grand must report finance costs on the statement of cash flows.
- a. In financing activities
 - b. In operating activities
 - c. In investing activities or financing activities
 - d. Either in operating activities or financing activities
8. Under PAS 7, interest payments can be classified as part of either
- a. Investing or financing activities
 - b. Operating or investing activities
 - c. Operating or financing activities
 - d. Operating, investing or financing activities
9. An entity purchase a building and the seller accepts payment partly in equity shares and partly in debentures of the entity. This transaction should be treated in the cash flow statement as follows:
- a. This not belong in the cash flow statement and should be disclosed only in the notes to the financial statements.
 - b. The purchase of the building should be investing cash outflow and the issuance of shares and the debentures financing cash out flows
 - c. Ignore the transaction totally since it is a non-cash transaction. No mention is required in either the cash flow statement or in the notes to the financial statements.
 - d. The purchase of the building should be investing cash outflow and the issuance of debentures financing cash outflows, while the issuance of shares investing cash outflow
10. How is it possible for a firm to be profitable and still go bankrupt?
- a. Net income has been adjusted for inflation
 - b. Earning have increased more rapidly than sales
 - c. Sales have not improved even though credit policies have been eased
 - d. The firm have positive net income but has failed to generate cash from operations
11. What is the best evidence an assets fair value less cost to sell (net spelling price)?
- a. The carrying value of the asset
 - b. The fair value in an active market
 - c. The best estimate of knowledge parties
 - d. The selling price in a binding sale agreement
12. While an asset is 'held for sale' PFRS 5 prohibits
- a. The asset from being depreciated
 - b. Any further cost being capitalized as part of the asset
 - c. The recognition of any cash flows from the assets as operating cash flows
 - d. The recognition of any maintenance cost for the assets on an profit of loss of the period

13. An entity has an asset that was classified as held for sale; however, the criteria for it to remain as held for sale no longer apply. The entity should
- Remeasure the noncurrent asset at fair value
 - Leave the noncurrent asset in the financial statements at its carrying value
 - Recognize the noncurrent asset in its carrying amount prior to its classification as held for sale as adjusted for subsequent depreciation, amortization or revaluation
 - Measure the noncurrent asset at the lower of its carrying amount before the asset was classified as held for sale (as adjusted for subsequent depreciation, amortization or revaluation) and its recoverable amount at the date of the decision not to sell.
14. Which of the following statement about "noncurrent assets held for sale (PFRS 5) is false
- An asset held for the sale shall not be depreciate
 - Assets classified as held for sale are carried at lower of carrying amount or fair value less costs to sell
 - An asset classified as held for sale must be available for immediate sale in its present condition and the sale must be highly probable
 - An entity shall classify a noncurrent assets as held for sales if its carrying amount will be recovered principally through a sale or through continuing use.
15. A discontinued operation is defined as the disposal of a separate or major line of the business. Any resulting gain or loss on discontinued operations is reported as a(n)
- Prior period adjustments , after tax
 - Extraordinary gain or loss, after tax
 - Separate item preceding extraordinary items, pretax
 - Separate item from income under continuing operation, after tax
16. If the fair value less cost to sell is lower than the carrying amount of a noncurrent asset classified as held for sale, the difference is treated as a(n)
- Depreciation expense
 - Impairment loss
 - Not disclosure
 - Prior period adjustment
17. When the carrying amount of a non-current asset classified as held for sale under PFRS 5 is lower than its fair value less costs to sell, then
- No impairment loss occur
 - Impairment loss shall be recognized in profit or loss
 - Impairment loss shall be recognized in other comprehensive income
 - Impairment gain shall be disclosed in the notes to the financial statements
18. The result of discontinued operations should be presented a single amount in the
- Statements of changes is equity
 - Income statement in juxtaposition with income from continuing operation
 - Income statement, after tax, separately from income from continuing operations
 - Income statement, before tax, separately from income from continuing operations.

19. The following statements are based on PFRS 5 (Noncurrent Assets Held for Sale and Discontinued Operation):

Statement I: An entity shall classify a noncurrent asset or disposal group as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use

Statement II: An extension of period required to complete a sale does not preclude an asset or disposal group from being classified as held for sale if the delay is caused by events or circumstance beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group)

Statement III: An entity shall measure a noncurrent asset or disposal group classified as held for sale at lower of its carrying amount and fair value less costs to sell.

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

20. When it is difficult to distinguish between a change in estimate and in accounting policy, then an entity should
- Treat the entire change as a change in accounting policy
 - Treat the entire change as a change in estimate with appropriate disclosure**
 - Reasonably apportion the relative amounts of change in estimate and the change in accounting policy
 - It is best to ignore in the year of change, the entity should then wait for the following year to see how the change develops and treat it accordingly
21. Which type of accounting change should always be counted for in current and future periods?
- Change in accounting estimate**
 - Change in accounting principle
 - Change in reporting entity
 - Correction of an error
22. Under PAS 8, change in estimate that result from new information made available to an entity shall be treated as a (an)
- Extraordinary item
 - Normal recurrent adjustment**
 - Correction of errors rectified prospectively
 - Correction of errors rectified retrospectively
23. Which of the following is a characteristics of change on accounting estimate?
- It never needs to disclosed
 - It does not affected the financial statements of prior period**
 - It requires the reporting of pro forma amounts for prior period

- d. It should be reported through restatement of the financial statements.
24. Which of the following is usually not treated retrospectively?
- a. Correction of prior period errors
 - b. Revision in depreciable assets useful life
 - c. Change in reporting entity and measurement basis
 - d. Change from weighted average to FIFO method for inventory
25. Which of the following changes would be accounted for prospectively?
- a. Corrections of prior period errors
 - b. Change in the expected life of a depreciable asset
 - c. First time presentation of consolidated financial statements
 - d. Change from FIFO to weighted-average for merchandise inventory
26. When it is impracticable to determine the effect of an error for all prior, the entity restates comparative information
- a. Prospectively up to the latest date practicable
 - b. Retrospectively from the latest date practicable
 - c. Prospectively from the earliest date practicable
 - d. Retrospectively from the earliest date practicable
27. A company discovered P20,000 overstatement of its 2020 ending inventory after the financial statements for 2020 were prepared. The effect of this error on the 2020 financial statements was
- a. Current assets were overstated and income was overstated
 - b. Current assets were overstated and income was understated
 - c. Current assets were understated and income was overstated
 - d. Current assets were understated and income was understated
28. If an entity incorrectly includes consignment item in the ending inventory, the effect on the next period's cost of goods sold and net income is
- a. Overstatement, overstatement
 - b. Overstatement, understatement
 - c. Understatement, overstatement
 - d. The period period's account will be correct
29. Which of the following could result overstatement of both current assets and shareholders' equity
- a. An understatement of accrued sales commission
 - b. Annual depreciation on manufacturing machinery is understated
 - c. Noncurrent note receivable principal is misclassified as current asset
 - d. Holiday pay expense for administrative employees is misclassified as factory overhead
30. Which among of the following errors could cause an understatement of owners' equity and overstatement of liabilities?
- a. Failure to record interest accrued on a note payable
 - b. Making the adjusting entry for depreciation expense twice

c. Failure to correct record the earned portion of fees received in advance

d. Failure to make the adjusting entry to record revenue which had been earned but not yet billed to customers.

31. The failure to record an accrued expense at year-end will result in overstatement errors for

CIA1196	A	B	C	D
Net income	Yes	Yes	No	No
Working capital	Yes	No	Yes	No
Cash	No	No	No	Yes

32. The failure to record an income at year-end will result in understating

	A	B	C	D
Cash	Yes	No	No	No
Profit	No	Yes	Yes	No
Working capital	No	Yes	No	Yes

33. Which among the following conditions results in a misleading comparison?

a. No change in accounting principles

b. The agreement within the financial statement is identical

c. Changes in the nature on the underlying transaction are not disclosed

d. No change in measurement recognition

34. What is correct concerning the 75% overall size test for operating segments?

a. The total external revenue of all reportable segment is 75% or more of the entity's external revenue

b. The total internal revenue of all reportable segments is 75% or more of the entity's internal revenue

c. The total external and internal revenue of all reportable segment is 75% or more of the entity's external revenue

d. The total external revenue of all reportable segments is 75% or more of the entity's external and internal revenue

35. As part of PFRS 8's entity-wide disclosures, if revenue from a single external customer account for 10% or more of the entity's total revenues an entity shall disclose

I. The identify of major customers

II. The identity of the segment reporting the revenue

III. The total amount of revenues from each major customers

IV. The total amount of revenue reported in each segment for the major customer

a. I and II only

b. II and III only

c. II and IV

d. III and IV

36. PFRS 8 now requires information to be disclosed about transactions with major customers. Which of the following statement is true about major customer?

Statement I: A major customer is defined as one that provides revenue which amounts to 10% or more of combined internal and external revenue of all operating segment.

Statement II: The identifies of major customer must be disclosed

- a. Statement I only
- b. Statement II only
- c. Both statements I and II
- d. None of the foregoing statements

37. The following statements are based on the PFRS 8 (Operating Segment)

Statement I: Its reported revenue, including both sales to external customers and intersegment sales, is 10% or more of the combined revenue, interest and external of all operating segments.

Statement II: The absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (1) combined reported profit of all operating segments that did not report a loss and (2) combined reported loss of all operating segments that reported a loss.

Statement III: Its assets are 10% or more of the combined assets of all operating segments. Which of the foregoing statements are true?

- a. I only
- b. II only
- c. I and II
- d. I, II and III

38. Which of the following situations will require disclosure as a related party?

- a. In consolidated financial statements in respect to intra-group transactions
- b. In parent separate financial statements when they are made available or published with the consolidated financial statements
- c. In the financial statements of state-controlled enterprise of transaction with other state-controlled enterprises
- d. In related party relationship where control exists, irrespective of whether there have been transaction between related parties.

39. The following are based on PAS 24 (Related Party Disclosures):

Statement I: Relationship between a parent and its subsidiaries shall be disclosed only if there are transaction between them.

Statement II: An entity shall disclosed the name of its parent and, if different, the ultimate controlling party.

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

40. The following are based on PAS 24 (related Party Disclosure)

Statement I: Items of similar nature may be disclosed in aggregate except when separate disclosure is necessary for an understanding of the effects of related-party transactions on the financial statements of the entity

Statement II: Disclosure that related-party transaction were made on terms equivalent to those that prevail in arm's length transaction are made only if such terms can be substantiated.

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

41. Under PAS 10, which of the following is classified as an adjusting event rather than a non-adjusting event?
 - a. The entity announced the discontinuance of its assembly operation
 - b. The entity entered into an agreement to purchase the freehold of its currently leased office building
 - c. destruction of a major production plant by fire
 - d. a mistake a discovered in the calculation of the allowance for uncollectible trade receivable resulting to understatement of the trade receivables
42. type II events that are indicate of condition that arose after the balance sheet date are given the following treatment
 - a. Recognition in the balance sheet
 - b. Recognition in the balance income statement
 - c. Recognition in the cash flow statement
 - d. Note disclosure of the financial statements
43. Non- adjusting events after the balance sheet date should be disclosed if
 - a. They are unusual and material
 - b. They related condition existing at the balance sheet date
 - c. Non-disclosure would affect the amounts presented in the financial statements
 - d. Non-disclosure would affect the ability of users of the financial statements to make proper decision
44. Significant change in the market value trading securities occurring after the balance sheet date should
 - a. Be treated as a prior period error in next year's financial statements
 - b. Resulting in an adjustment of the market value used in the lower of cost or market valuation at balance sheet date
 - c. Be considered in the valuation of the securities at balance sheet date and disclosed in the notes to financial statements
 - d. Not be considered in the valuation of the securities at balance sheet date and disclosed in the notes to financial statements
45. Under PAS 10, an entity shall disclosed all of the following in each material category of non-adjusting events, except

- a. The nature of the event
 - b. The estimate of the events financial effects
 - c. A statement that an estimate of event's financial effect cannot be made
 - d. A statement that an entity choose to classify the event as a non-adjusting event rather than as an adjusting event
46. If an entity publish a complete set of financial statements in its interim financial report, the form and content of those statements should conform to
- a. PAS 34 (Interim Financial Reporting)
 - b. PAS 27(Separate Financial Statements)
 - c. PAS 1 (Presentation of Financial Statements)
 - d. PFRS 10 (Consolidation of Financial Statements)
47. The interim financial report is intended to
- a. Provide an update on the latest complete set of annual financial statements
 - b. Correct error discovered subsequent to the financial statements
 - c. Provide additional information not disclosed previously in the annual financial statements
 - d. Provide information that are requested by the investor in relation to planned initial public offering
48. Conceptually, interim financial statements can be describe as emphasizing
- a. Comparability over neutrality
 - b. Relevance over comparability
 - c. Reliability over understandability
 - d. Timeliness over reliability
49. Issuance of interim financial statements is an example of a trade-off between
- a. Relevance and reliability
 - b. Reliability and periodicity
 - c. Timeliness and materiality
 - d. Understandability and timeliness
50. Issuance of interim financial statements is an example of trade-off between
- a. Prudent and relevant
 - b. Relevance and reliability
 - c. Reliable and verifiable
 - d. Unbiased and neutral
51. It is approach of looking into an entity's organization and management structure and its interim financial reporting system to identify the business and geographical segment for external reporting purpose
- a. Entity approach
 - b. Management approach
 - c. Organizational approach
 - d. Scientific approach

52. It is the approach of looking into an entity organization and management structure and its interim financial reporting system to identify the business and geographical segment for external reporting purpose
- Business or geographical approach
 - Entity approach
 - Management approach scientific approach
 - Scientific approach
53. PAS 34 states a presumption that anyone reading interim financial report will
- Have access to the records of the entity
 - Not make decision based on the report
 - Have access to the most recent annual report
 - Understand all Philippine Financial Reporting Standards
54. Under PAS 34, interim financial reports should be published
- On a quarterly basis
 - Once a year at an time in that year
 - Within a month of the half year end
 - Whenever the entity wishes
55. Revenue from an artistic performance is recognized once
- The event take place
 - The tickets for the concert are sold
 - Cash been received from ticket sales
 - The audience registers for the event online
56. Which of the following conditions does not apply to the recognition of revenue from transaction involving the rendering of service?
- It is probable that payment for service shall be received by the entity
 - The significant risk and rewards of ownership have been transferred to the buyer
 - The amount of revenue and the cost incurred and cost to complete can be measured reasonably
 - The stage of completion on the end of reporting period can be measured reliably
57. Which of the following is not allowed recognition of revenue under PAS 18?
- Revenue from royalties is recognized under accrual basis of accounting
 - Dividend revenue is recognized when the right to receive payment is established
 - Interest revenue is recognized on a time proportionate basis using the effective interest method
 - Revenue from services rendered is recognized under the installment method of accounting
58. Under the cost-recovery method of accounting for installment contract, income is recognized when
- Cash collected has exceeded cost
 - Collected
 - Earned

- d. Title is transferred to the buyer
59. Which of the following provides the best explanation for why warranty expense should be expensed and recorded in the year of the related sales?
- a. Full disclosure
 - b. Matching
 - c. Materiality
 - d. Revenue recognition
60. The matching principle is best demonstrated by
- a. Recognizing rent a revenue when the cash was collected
 - b. Allocating advertising expense to several reporting periods
 - c. Associating effort (cost) with the accomplishment (revenue)
 - d. Not recognizing any expense unless some revenue recognized
61. The entity sold appliance with 2 years warranty during the current period recognized the related warranty expense and liability. This transaction is an example of expense recognition based on.
- a. Cause and effect association
 - b. Immediate recognition
 - c. Systematic and rational allocation
 - d. None of the above
62. When cost can be reasonably associated with the specific revenue but not with specific product the cost should be
- a. Expensed in the period incurred
 - b. Capitalized and then amortized over a reasonable period
 - c. Expensed in the period in which the revenue is recognized
 - d. Allocated to the specific product based on the best estimate of the product processing
63. Which of the following involves recognizing an expense?
- a. Office supplies are consumed in operation
 - b. Factory supplies are consumed in production
 - c. A sales discount is granted to customer who pays within the discount period
 - d. Unrecorded wages are paid to laborers who pays within the discount period
64. Which of the following is the incorrect basis for recognizing the expense indicated?
- a. Depreciation expense on the basis of time
 - b. Administrative salaries expense recognized as incurred
 - c. Cost of goods sold expense on a substantive or arbitrary basis
 - d. Sales commissions expense on the basis of relationship with sales
65. The following expenditures should be expensed as incurred, except
- a. Payments for organization expense
 - b. Payment is advance of delivery of goods or services
 - c. Expenditures on advertising and promotional activities
 - d. Expenditures in relocating or reorganizing part or all of the enterprise

66. Which of the following are considered as example of expense?
- I. A loss on the disposal of a noncurrent assets?
 - II. A decrease in equity arising from distribution to equity participants
 - III. A decrease in economic benefits during the accounting period
 - IV. A reduction in come from the accounting period
- a. I and II
 - b. II and III
 - c. I and IV
 - d. III and IV
67. The internal control feature that is specific to petty cash is
- a. Assignment of responsibility
 - b. Imprest system
 - c. Proper authorization
 - d. Separation of duties
68. A deficiency in cash that may occur when the cashier performs the bookkeeping function
- a. Defalcation
 - b. Kiting
 - c. Lapping
 - d. Window dressing
69. Which is the following not considered cash from financial reporting purposes?
- a. Bank charge for the period
 - b. Errors made by the company
 - c. Petty cash fund and change funds
 - d. Posted check and IOUs
70. What criterion is excluded in the definition of cash equivalent under PAS 7?
- a. Short term, highly liquid investment
 - b. Investment in high-equality instruments
 - c. Subject to an insignificant change in valued
 - d. Readily convertible to know amounts of cash