1. It is joint venture that involves establishment of a corporation, partnership or other entity in which each venture has an interest
   a. Jointly controlled asset
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2. What is the correct treatment in accounting for an interest in jointly controlled entity?
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3. Determine the true statement under PFRS 11
   a. Joint arrangement is either joint venture or joint operation
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   c. Joint venture is either joint arrangement or joint operation
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4. Under PFRS 11, what are the two types of joint arrangements (i.e., contractual arrangement where two or more parties have joint control?)
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Statement I	True	True	True	False
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28. The following statements relates to discount on notes payable, which of the following statements is correct

    Statement I: The discount on note payable is an adjunct liability account which shown as a deduction from note payable

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32. The basic accounting issue for a lessor is
    a. Revenue recognition during the lease term
    b. Expense recognition during the lease term
    c. Computing depreciation over the leased term
    d. Determination of cost of the leased asset
33. The expense of the fair value of leased property at the inception of the lease over its cost or carrying amount be classified by the lessor as
    a. Unearned income from a sales-type lease
    b. Unearned income from a direct-financing lease
    c. Manufacture's or dealer's profit from a sales-type lease
    d. Manufacture's or dealer's profit from a direct-financing lease
34. One incentive for entering into a sale-leaseback arrangement on substantially of the market value of an asset is
    a. Improvement in cash flow for the lessor
    b. Improvement in cash flow for the lessee
    c. Entire gain appears on lessee income statement in sale year
    d. Tax implication are favorable for the lessor, compared with other lending arrangements
35. The lessor must classify a sale-and-lease back arrangement as a(n)
    a. Operating leases or a finance lease
    b. Operating leases or a sales-typing lease
    c. Direct financing lease or an operating lease
    d. Direct financing lease or an sales-type lease
36. Under a defined benefit plan, the retirement benefit expense in the current period includes all of the following except
    a. Current service cost
    b. Contribution to separate fund
    c. The result of any plan termination, settlement, or curtailment
    d. Amount recognized in the current period with respect to past service cost of current and retired employees, experience adjustment and changes in actuarial assumption
37. Which of the following is not a component of benefit (pension) expense?
    a. Initial transition asset
    b. Return on plan assets
    c. Amortization of unrecognized gain or loss
38. The component of defined benefit cost include all the following except
    a. Plan contribution
    b. Net interest
    c. Remeasurement
    d. Service cost

39. An entity maintains a defined benefit pension plan for its employees. The service cost component of the net periodic pension cost is measured using the
   a. Project benefit obligation
   b. Expected return on plan assets
   c. Unfunded vested benefit obligation
   d. Unfunded accumulated benefit obligation
40. Under PAS 19, “service cost” comprises
   a. Current service cost only
   b. Current service cost and post service cost
   c. Current service cost and gain or loss on settlement
   d. Current service cost, past service cost and any gain or loss on settlement
41. Which of the following is reported as interest expense?
   a. Pension cost interest
   b. Post-retirement health care benefits interest
   c. Imputed interest on non-interest bearing note
   d. Interest incurred to finance construction of machinery for own use
42. Which of the following components of the annual pension cost shall recognized in the other comprehensive income (rather than in profit or loss)?
   a. Service cost
   b. Interest on the net defined benefit liability
   c. Remeasurements of the net defined benefits liability
   d. All of these items are required to be recognized in the project or loss
43. Remeasurement of the net defined benefit liability shall be composed of
   a. Actuarial gains and losses
   b. Return on plan assets, excluding amounts include in the net interest
   c. Any change in the effect of the asset ceiling , excluding amount included in the interest
   d. All of the choices
44. Under PAS 19, plan assets include of the following, except
   a. Qualifying insurance policies
   b. Assets held by a long term employee benefit fund
   c. Non-transferable financial instruments issued by the reporting enterprise
   d. Assets that are available to be used only to pay fund employee benefits and are not available for payments to creditors even in bankruptcy
45. Under PAS 26 (Accounting and Reporting by Retirement Benefit Plans), investments held by retirement benefit plan should be stated at which of the following value in their statement of net asset?
   a. Fair value
   b. Net realizable value
   c. Original cost less impairment
   d. Value is use

46. According to PAS 26, Accounting and Reporting of Retirement Benefit Plans, which of the following may be disclosed in the financial in the financial report of a defined benefit plan but would not be shown in the financial report of a defined contribution plan?
   a. Employer contributions
   b. Employee contributions
   c. Government bonds held
   d. Actuarial present value of promised retirement benefits
47. A bond of similar instrument convertible by the holder into a fixed number of ordinary shares of the entity is
   a. A compound financial instrument
   b. A derivative financial instrument
   c. A primary financial instrument
   d. An equity instrument
48. What is the principle of accounting for a compound instrument (e.g., an issued convertible debt instrument)?
   a. The issuer shall classify compound instrument as a liability in its entirety, until converted into equity
   b. The issuer shall classify the liability an equity components of a compound instrument separately as financial liabilities, financial assets or equity instruments
   c. The issuer shall classify a compound instrument as instrument as either a liability or equity based on an evaluation of the predominant characteristics of the contractual arrangement
   d. The issuer shall classify a compound instrument as liability in its entirety, until converted into equity, unless the equity components shall be presented separately
49. Under current GAAP which approach is used to bifurcate compound financial liability instruments?
   a. A “with and without” approach
   b. Asset and liability approach
   c. Net of tax approach
   d. Periodic expense approach
50. Which of the following best describe the next effect on retained earnings of the purchase and subsequent sale of treasury stocks?
   a. Retained earnings may never be increased or decreased
   b. Retained earnings may never be increased but sometimes decreased
   c. Retained earnings may never be decreased but sometimes increased
   d. Retained earnings is always affected unless the reissue price is exactly equal to cost
51. Under IFRIC 17, an entity shall measure a noncurrent asset classified as held for distribution to owners at.
   a. Carrying amount
   b. Fair value less cost to distribute
   c. Lower between choices (A) and (B)

d. Higher between choices (A) and (B)

52. An entity shall measure a noncurrent asset classified as held for distribution to owners at
    a. Carrying amount
    b. Fair value less cost to distributed
    c. Carrying amount of fair value less cost to distribute, whichever is lower
    d. Carrying amount or fair value less cost to distribute, whichever is higher
53. Under IFRIC 17, an entity shall measure a liability fro noncash asset as dividend to the owners at
    a. Fair value of the asset to be distributed
    b. Carrying amount of the assets to be distributed
    c. Neither fair value or carrying amount of the asset to be distributed
    d. Fair value or carrying amount of the asset to be distributed, at the option of the entity
54. If the management wishes to capitalized part of the earnings, it may issue
    a. Cash dividend
    b. Liquidating dividend
    c. Property dividend
    d. Share dividend
55. The bonus issue of share (i.e., stocks dividend has the following impact on the equity of a company
    a. Total equity increases
    b. Total equity decreases
    c. Only the amount of issued share capital changes
    d. One equity account increase and another equity account decreases by an amount
56. At what amount per share should retained earnings be reduced fro a 20% stock dividend?
    a. Zero
    b. Par value
    c. Market value at the date of issuance
    d. Market at the date of declaration
57. The peso amount of total shareholders' equity remains the same when there is
    a. Declaration of a stock dividend
    b. Declaration of a cash dividend
    c. Issuance of preferred stock in exchange for convertible debentures
    d. Issuance of nonconvertible bonds with detachable stock purchase warrants
58. When rights are issued to current shareholders, the number of rights to be issued per existing share will
    a. Usually be only right per share already held
    b. Depend on the number purchase by existing shareholders
    c. Be the number of rights needed to obtain one additional share multiplied by the number of shares held
    d. Vary depending on the number per share already held, as determined and announced by the corporation

59. A corporation has issued only one type of stock and wants to compute book value per share. It needs all the information below, except
   a. Retained earnings
   b. Total contributed capital
   c. The current year's dividends
   d. Total shares outstanding and distributable
60. What do an appropriation of retained earnings and declaration of a cash dividend (for the same amount) have in common?
   a. Both hive the same consequences for shareholders
   b. Both permanently reduce the future ability to pay dividends
   c. Both increase the amount of appropriated retained earnings
   d. Both result in a decrease in unappropriated retained earnings
61. A restriction of retained earnings is most likely to be required by the
   a. Purchase of treasury stock
   b. Amortization of past service cost
   c. Payment of last maturing series of a serial bond issue
   d. Exhaustion of potential benefits of the investment credit
62. Companies that carry no insurance against insurable casualty lose sometimes use an account called reserve for self-insurance. In preparing a balance sheet, this account should be reported as.
   a. Appropriated retained earnings
   b. Deferred credit
   c. Liability
   d. Unappropriated retained earnings
63. In accordance with PFRS 2, Share-based Payment, how should an entity recognized the change in the fair value of the liability in respect of a cash-settled share-based payment transaction?
   a. Recognized in profit or loss
   b. Recognized in the comprehensive income
   c. Recognized in the statement of change in entity
   d. Do not recognized in the financial statements but disclose in the notes there to
64. In what circumstances is compensation expense immediately recognized under PFRS 2?
   a. In all circumstances
   b. In no circumstances is compensation expense immediately recognized
   c. In circumstance when options are exercise within 2 years for service rendered over the next 2 years
   d. In circumstances when options are granted for prior service, and the options are immediately exercisable.. Wiley 14
65. How is the compensation expense measured for equity settled shared-based payment?
   a. Use the normal hourly rate of the employees
   b. Measure the fair value of share options using an option pricing model

c. Measure the difference between the market price and the fair value of the share options
d. Measure the intrinsic value of share options as the difference between market price and exercise price at measurement date

66. In accounting for share-based compensation under PFRS 2, what interest rate is used to discount both the exercise price of the option and the future dividend stream?
a. The risk-free interest rate
b. The firm's known incremental borrowing rate
c. Any rate that firms can justify as being reasonable
d. The current market rate that firms in the particular industry use to discount cash flows

67. Which of the following statements is true regarding the requirement for PFRS 2?
a. Small entities are exempt
b. Private entities are exempt
c. There are no exemption under PFRS 2
d. Subsidiaries using their parent entity's shares as consideration for goods and service are exempt

68. For equity-settled share-based payment transaction, the entity shall measure the goods or service received and the corresponding increase in equity

Statement I: Directly at fair value of the goods or service received

Statement II: Indirectly, by reference to the fair value of the equity instruments granted if the fair value of the goods or service received cannot be estimated reliably

	A	B	C	D
Statement I:	True	True	False	False
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69. The following statement are based on PAS 19(Employee Benefits):

Statements I: Short-term employee benefits are recognized when an employee has rendered service in exchange for those benefits

Statements II: An entity is required to recognized termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs

Statements III: Service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

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70. After a quasi-reorganization where a deficit is removed, the balance of retained earnings will
a. Increase
b. Decrease

c. Remain the same
d. Either increase or decrease

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   c. Computing depreciation over the leased term
   d. Determination of cost of the leased asset
33. The expense of the fair value of leased property at the inception of the lease over its cost or carrying amount be classified by the lessor as
   a. Unearned income from a sales-type lease
   b. Unearned income from a direct-financing lease
   c. Manufacture's or dealer's profit from a sales-type lease
   d. Manufacture's or dealer's profit from a direct-financing lease
34. One incentive for entering into a sale-leaseback arrangement on substantially of the market value of an asset is
   a. Improvement in cash flow for the lessor
   b. Improvement in cash flow for the lessee
   c. Entire gain appears on lessee income statement in sale year
   d. Tax implication are favorable for the lessor, compared with other lending arrangements
35. The lessor must classify a sale-and-lease back arrangement as a(n)
   a. Operating leases or a finance lease
   b. Operating leases or a sales-typing lease
   c. Direct financing lease or an operating lease
   d. Direct financing lease or an sales-type lease
36. Under a defined benefit plan, the retirement benefit expense in the current period includes all of the following except
   a. Current service cost
   b. Contribution to separate fund
   c. The result of any plan termination, settlement, or curtailment
   d. Amount recognized in the current period with respect to past service cost of current and retired employees, experience adjustment and changes in actuarial assumption
37. Which of the following is not a component of benefit (pension) expense?
   a. Initial transition asset
   b. Return on plan assets
   c. Amortization of unrecognized gain or loss
38. The component of defined benefit cost include all the following except
   a. Plan contribution
   b. Net interest
   c. Remeasurement
   d. Service cost

39. An entity maintains a defined benefit pension plan for its employees. The service cost component of the net periodic pension cost is measured using the
   a. Project benefit obligation
   b. Expected return on plan assets
   c. Unfunded vested benefit obligation
   d. Unfunded accumulated benefit obligation
40. Under PAS 19, “service cost” comprises
   a. Current service cost only
   b. Current service cost and post service cost
   c. Current service cost and gain or loss on settlement
   d. Current service cost, past service cost and any gain or loss on settlement
41. Which of the following is reported as interest expense?
   a. Pension cost interest
   b. Post-retirement health care benefits interest
   c. Imputed interest on non-interest bearing note
   d. Interest incurred to finance construction of machinery for own use
42. Which of the following components of the annual pension cost shall recognized in the other comprehensive income (rather than in profit or loss)?
   a. Service cost
   b. Interest on the net defined benefit liability
   c. Remeasurements of the net defined benefits liability
   d. All of these items are required to be recognized in the project or loss
43. Remeasurement of the net defined benefit liability shall be composed of
   a. Actuarial gains and losses
   b. Return on plan assets, excluding amounts include in the net interest
   c. Any change in the effect of the asset ceiling , excluding amount included in the interest
   d. All of the choices
44. Under PAS 19, plan assets include of the following, except
   a. Qualifying insurance policies
   b. Assets held by a long term employee benefit fund
   c. Non-transferable financial instruments issued by the reporting enterprise
   d. Assets that are available to be used only to pay fund employee benefits and are not available for payments to creditors even in bankruptcy
45. Under PAS 26 (Accounting and Reporting by Retirement Benefit Plans), investments held by retirement benefit plan should be stated at which of the following value in their statement of net asset?
   a. Fair value
   b. Net realizable value
   c. Original cost less impairment
   d. Value is use

46. According to PAS 26, Accounting and Reporting of Retirement Benefit Plans, which of the following may be disclosed in the financial in the financial report of a defined benefit plan but would not be shown in the financial report of a defined contribution plan?
   a. Employer contributions
   b. Employee contributions
   c. Government bonds held
   d. Actuarial present value of promised retirement benefits
47. A bond of similar instrument convertible by the holder into a fixed number of ordinary shares of the entity is
   a. A compound financial instrument
   b. A derivative financial instrument
   c. A primary financial instrument
   d. An equity instrument
48. What is the principle of accounting for a compound instrument (e.g., an issued convertible debt instrument)?
   a. The issuer shall classify compound instrument as a liability in its entirety, until converted into equity
   b. The issuer shall classify the liability an equity components of a compound instrument separately as financial liabilities, financial assets or equity instruments
   c. The issuer shall classify a compound instrument as instrument as either a liability or equity based on an evaluation of the predominant characteristics of the contractual arrangement
   d. The issuer shall classify a compound instrument as liability in its entirety, until converted into equity, unless the equity components shall be presented separately
49. Under current GAAP which approach is used to bifurcate compound financial liability instruments?
   a. A "with and without" approach
   b. Asset and liability approach
   c. Net of tax approach
   d. Periodic expense approach
50. Which of the following best describe the next effect on retained earnings of the purchase and subsequent sale of treasury stocks?
   a. Retained earnings may never be increased or decreased
   b. Retained earnings may never be increased but sometimes decreased
   c. Retained earnings may never be decreased but sometimes increased
   d. Retained earnings is always affected unless the reissue price is exactly equal to cost
51. Under IFRIC 17, an entity shall measure a noncurrent asset classified as held for distribution to owners at.
   a. Carrying amount
   b. Fair value less cost to distribute
   c. Lower between choices (A) and (B)

d. Higher between choices (A) and (B)

52. An entity shall measure a noncurrent asset classified as held for distribution to owners at
    a. Carrying amount
    b. Fair value less cost to distributed
    c. Carrying amount of fair value less cost to distribute, whichever is lower
    d. Carrying amount or fair value less cost to distribute, whichever is higher
53. Under IFRIC 17, an entity shall measure a liability fro noncash asset as dividend to the owners at
    a. Fair value of the asset to be distributed
    b. Carrying amount of the assets to be distributed
    c. Neither fair value or carrying amount of the asset to be distributed
    d. Fair value or carrying amount of the asset to be distributed, at the option of the entity
54. If the management wishes to capitalized part of the earnings, it may issue
    a. Cash dividend
    b. Liquidating dividend
    c. Property dividend
    d. Share dividend
55. The bonus issue of share (i.e., stocks dividend has the following impact on the equity of a company
    a. Total equity increases
    b. Total equity decreases
    c. Only the amount of issued share capital changes
    d. One equity account increase and another equity account decreases by an amount
56. At what amount per share should retained earnings be reduced fro a 20% stock dividend?
    a. Zero
    b. Par value
    c. Market value at the date of issuance
    d. Market at the date of declaration
57. The peso amount of total shareholders' equity remains the same when there is
    a. Declaration of a stock dividend
    b. Declaration of a cash dividend
    c. Issuance of preferred stock in exchange for convertible debentures
    d. Issuance of nonconvertible bonds with detachable stock purchase warrants
58. When rights are issued to current shareholders, the number of rights to be issued per existing share will
    a. Usually be only right per share already held
    b. Depend on the number purchase by existing shareholders
    c. Be the number of rights needed to obtain one additional share multiplied by the number of shares held
    d. Vary depending on the number per share already held, as determined and announced by the corporation

59. A corporation has issued only one type of stock and wants to compute book value per share. It needs all the information below, except
   a. Retained earnings
   b. Total contributed capital
   c. The current year's dividends
   d. Total shares outstanding and distributable
60. What do an appropriation of retained earnings and declaration of a cash dividend (for the same amount) have in common?
   a. Both hive the same consequences for shareholders
   b. Both permanently reduce the future ability to pay dividends
   c. Both increase the amount of appropriated retained earnings
   d. Both result in a decrease in unappropriated retained earnings
61. A restriction of retained earnings is most likely to be required by the
   a. Purchase of treasury stock
   b. Amortization of past service cost
   c. Payment of last maturing series of a serial bond issue
   d. Exhaustion of potential benefits of the investment credit
62. Companies that carry no insurance against insurable casualty lose sometimes use an account called reserve for self-insurance. In preparing a balance sheet, this account should be reported as.
   a. Appropriated retained earnings
   b. Deferred credit
   c. Liability
   d. Unappropriated retained earnings
63. In accordance with PFRS 2, Share-based Payment, how should an entity recognized the change in the fair value of the liability in respect of a cash-settled share-based payment transaction?
   a. Recognized in profit or loss
   b. Recognized in the comprehensive income
   c. Recognized in the statement of change in entity
   d. Do not recognized in the financial statements but disclose in the notes there to
64. In what circumstances is compensation expense immediately recognized under PFRS 2?
   a. In all circumstances
   b. In no circumstances is compensation expense immediately recognized
   c. In circumstance when options are exercise within 2 years for service rendered over the next 2 years
   d. In circumstances when options are granted for prior service, and the options are immediately exercisable.. Wiley 14
65. How is the compensation expense measured for equity settled shared-based payment?
   a. Use the normal hourly rate of the employees
   b. Measure the fair value of share options using an option pricing model

c. Measure the difference between the market price and the fair value of the share options
d. Measure the intrinsic value of share options as the difference between market price and exercise price at measurement date

66. In accounting for share-based compensation under PFRS 2, what interest rate is used to discount both the exercise price of the option and the future dividend stream?
   a. The risk-free interest rate
   b. The firm's known incremental borrowing rate
   c. Any rate that firms can justify as being reasonable
   d. The current market rate that firms in the particular industry use to discount cash flows

67. Which of the following statements is true regarding the requirement for PFRS 2?
   a. Small entities are exempt
   b. Private entities are exempt
   c. There are no exemption under PFRS 2
   d. Subsidiaries using their parent entity's shares as consideration for goods and service are exempt

68. For equity-settled share-based payment transaction, the entity shall measure the goods or service received and the corresponding increase in equity

   Statement I: Directly at fair value of the goods or service received

   Statement II: Indirectly, by reference to the fair value of the equity instruments granted if the fair value of the goods or service received cannot be estimated reliably

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

69. The following statement are based on PAS 19(Employee Benefits):

   Statements I: Short-term employee benefits are recognized when an employee has rendered service in exchange for those benefits

   Statements II: An entity is required to recognized termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognizes any related restructuring costs

   Statements III: Service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

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

70. After a quasi-reorganization where a deficit is removed, the balance of retained earnings will
   a. Increase
   b. Decrease

c. Remain the same
d. Either increase or decrease