

MGT401 Mega Quiz File For Final Term By Innocent Prince Innocentprince47@gmail.com

Question # 1: Which of the following type of the business is governed under the Partnership Act 1932 in Pakistan?

Sole-Proprietorship

Partnership

Limited Companies

Unlimited Companies

Question # 2: Which of the following is/are not example of current liability?

Sundry Debtors

Debentures

Loan given to Mr. A for shorter period

All of the given options

Question # 3: All of the following are the assets of the firm except

A building owned by the firm

Goods in transit

Money owed to the firm by its debtors

Money which the firm has borrowed and has not yet been repaid

Question # 4: Which of the following is related to the qualitative characteristics that make financial information useful?

Reliability only

Relevancy only

Both Reliability and Relevancy

Comparability

Question # 5: Which of the following statement is true regarding Going Concern Concept?

The Business is profitable

The assets of the Business are valued at Market Value

The business will continue until the Directors decide to close it

The Business will continue its working

Question # 6: Under which of the following assumptions, the Financial Statements are to be prepared?

Future Assumptions

Past Assumptions

Accrual Basis and Going Concern Basis

Accrual Basis Assumption only

Question # 7: Which one of the following is not a physical asset?

Term Finance Certificates

Loan Agreements

Trade Receivables

Goodwill

Question # 8: Which one of the following is not the example of Financial Instruments?

Share Capital

Loans Payable

Debentures

Inventories

Question # 9: The firm uses diminishing balance method for calculating Depreciation. The vehicle costing 20,000 was sold after two years. The sale resulted neither in loss or profit. What was the sale price of the Vehicle?

7,200

12,000

12,800

16,000

Question # 10: Which of the following is/are not included in the disclosure requirement of Trade Debts with respect to the Companies Ordinance 1984?

Amount due in respect of goods sold

Amount due in respect of services rendered

Amount due in respect of other contractual obligation

Amount due which are in nature of loans or advances

Question # 11: A firm has two categories of stock. The cost and Net Realizable Value (NRV) of each is as follows:

Cost NRV

Category 1 Rs. 35,000 Rs. 22,000

Category 2 Rs. 22,000 Rs. 25,000

What amount will be disclosed?

44,000

47,000

57,000

60,000

Question # 12: Which of the following method is suitable for calculating the cost of inventory?

When actual costs of individual units of merchandise can be determined from the accounting records?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Question # 13: Which of the following authority regulates/governs the functioning of Companies?

Securities & Exchange Commission of Pakistan

Federal Government

Ministry of Finance

All of the Given Options

Question # 14: Which of the following is true about the meeting of Directors?

The quorum for a meeting of Directors of a listed company should not less than 1/3 of their members or four which is greater.

The quorum for a meeting of Directors of a listed company should not less than 1/3 of their members or four which is lesser.

The quorum for a meeting of Directors of a listed company should not less than 1/2 of their members or four which is greater.

The quorum for a meeting of Directors of a listed company should not less than 1/2 of their members or four which is lesser.

Question # 15: Which of the following is true about the Companies Limited by shares?

Company has limited shares to offer

Shareholders of the Company are limited

Liability of Shareholders is limited

Liability of Shareholders is unlimited

Question # 16: Proper Books of Accounts are kept by every company under which of the following section of Companies Ordinance 1984?

230

233

184

110

Question # 17: Which of the following is not attributable to the Property Plant & Equipment?

Costs of site preparation

Administration and other general overhead costs

Initial delivery and handling charges

Installation and Assembly cost

Question # 18: ABC (Pvt) Limited is engaged in production of an asset. The production started on July 31, 2007. The Production completed on July 31, 2008. The works manager checked the asset and required some minor modifications. These modifications were completed on August 30, 2008. The Asset was delivered to Works Manager on September 10, 2008. The production started from such asset on October 01, 2008. When should capitalization cease?

July 31, 2007

July 31, 2008

August 30, 2008

October 01, 2008

Question # 19: Which of the following is an identifiable non-monetary asset without physical substance?

Tangible Asset

Intangible Asset

Floating Asset

Circulating Asset

Question # 20: Which of the following is an example of Intangible Asset?

Preliminary Expenses

Copy rights

Investments

Discounts on issue of shares

Question # 21: Which of the following statement is true under the Cost method for recognition of investments in associated companies?

Any distribution of profits by the investee company is recorded as an income

Any distribution of profits by the investee company is recorded as an expense

Any distribution of profits by the investor company is recorded as an income

Any distribution of profits by the investor company is recorded as an expense

Question # 22: Which of the following IAS is related to Financial Instruments Disclosure and Presentation?

IAS 27

IAS 28

IAS 31

IAS 32

Question # 23: Which of the following is true with respect to the disclosure requirement of Investment in Associate?

Explanations when investments are less than 20% are accounted for by the equity method or when investments of more than 20% are not accounted for by the equity method.

Explanations when investments are less than 10% are accounted for by the equity method or when investments of more than 10% are not accounted for by the equity method.

Explanations when investments are less than 10% are accounted for by the equity method or when investments of more than 20% are not accounted for by the equity method.

Explanations when investments are less than 20% are accounted for by the equity method or when investments of more than 10% are not accounted for by the equity method.

Question # 24: Which of the following is true with respect to the Disclosure requirement in Consolidated Financial Statements?

The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/2 of the voting power

The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/3 of the voting power

The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/4 of the voting power

The nature of relationship between the parent and subsidiary when the parent does not own, directly or indirectly through subsidiaries, more than 1/5 of the voting power

Question # 25: Which of the following option is/are TRUE with respect to the Disclosure requirement for intangible assets acquired by the way of Government grants?

Select correct option:

The fair value initially recognized

Disclosure for carrying amount

Disclosure for the amount of commitments for acquisition of intangible assets

All of the given options

Question # 26: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Select correct option:

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

Question # 27: Which one of the following methods for inventory valuation is NOT suitable for homogeneous units?

Select correct option:

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Question # 28: Which of the following meeting is held once in the life of a company?

Select correct option:

Statutory Meeting

Annual General Meeting

Extraordinary Meeting

Board Meeting

Question # 29: Which of the following business is formed by the approval of Ministry of Interior?

Select correct option:

Money Exchange Company
Non Banking Finance Corporation
Security Services Providing Company
Corporate Brokerage House

Question # 30: The closing balance of inventory will be if: Opening inventory will Rs.1, 000, purchases will Rs.10, 000 and cost of sales will Rs.10,500.

Select correct option:

Rs. 1,000

Rs. 500

Rs. 1,500

Rs. 950

Question # 31: Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

Question # 32: On which certificate, the birth date of a company is mentioned?

Select correct option:

Certificate of Corporation

Certificate of Incorporation

Certificate of Quality

Certificate of Excellence

Question # 33: Who sign the Articles of Association (AOA) of a company?

Select correct option:

Managers of the company

Employees of the company

Sponsors of the company

All of the given options

Question # 34: Which of the following is NOT the method of stock valuation?

Select correct option:

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

Question # 35: Which one of the following is a method of stock valuation?

Select correct option:

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Question # 36: In case of calling Extraordinary General Meeting (EOGM), at least how much voting right is required by any director or share holder of a company according to Companies Ordinance 1984?

Select correct option:

5% voting rights

10% voting rights

15% voting rights

20% voting rights

Question # 37: LIFO means?

Select correct option:

Last-In-First-Out

Large Integrated Financial Organization

The Last-In-First-Out method of approximating the cost of stock

None of the given options

Question # 38: In relation to the valuation of inventory, net realizable value means:

Select correct option:

The expected selling price less disposal costs less the cost of completion

The expected selling price of the inventory

The replacement cost of the inventory

The market price of the inventory

Ref: http://en.wikipedia.org/wiki/Net_realizable_value

Question # 39: Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Select correct option:

Depreciable Amount

Fair Value (page 78)

Cost

Carrying Amount

Question # 40: When we see the capital with Production capacity or operating capability of the enterprise then it called:

Select correct option:

The financial concept of capital maintenance (page 104)

The physical concept of capital maintenance

Both physical and financial concept of capital maintenance

Neither physical nor financial concept of capital maintenance

Question # 41: Which of the following IAS deals with the Intangible Assets?

Select correct option:

IAS 38 page 162

IAS 23

IAS 01

IAS 16

Question # 42: Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Select correct option:

Research

Development

Audit

Accounting

Reference: <http://www.vuzs.net/mcqs/354-mcqs-mgt401-financial-accounting-ii/4738-mgt401-quiz-chapter-1-22-shared-and-solved-by-tahira-yasmeen.html#v=onepage&q=is%20original%20and%20planned%20investigation%20undertaken%20with%20the%20prospect%20of%20gaining%20new%20scientific%20or%20technical%20knowledge%20and%20understanding&f=false>

Question # 43: Which of the following is NOT an accounting concept?

Select correct option:

Prudence

Going concern

Depreciation

Matching

Question # 44: Which of the following is/are example(s) of research activities?

Select correct option:

Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options page 37

Question # 45: Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Select correct option:

Qualifying Asset page 31

Outstanding Asset

Tangible Asset

Intangible Asset

Question # 46: Which of the following asset is NOT an example of Tangible Fixed Assets?

Select correct option:

Patent rights

Furniture

Vehicles

Machinery

Question # 47: Which of the following is/are the physical asset(s)?

Select correct option:

- Term Finance Certificates
- Loan Agreements
- Trade Receivables

All of the given options page 84

Question # 48: Which of the following statement shows the movement of cash inflows and outflows?

- ▶ Income statement
- ▶ Balance Sheet
- ▶ Statement of Owner's equity
- ▶ **Cash Flows Statement**

Question # 49: Which of the following is an example of current liability?

- ▶ **Bank Overdraft**
- ▶ Stock
- ▶ Goodwill
- ▶ A loan repayable in two years

Question # 50: Which of the following is a component of current liabilities?

- ▶ Assets subject to finance lease
- ▶ Debentures
- ▶ **Provision for Taxation**
- ▶ Loans taken for more than five years

Question # 50: A damage claim of Rs.15 million for breach of contract has been served on the Company. The Company legal counsel is of the view that it is possible that the damages will be awarded to the plaintiff. However, the amount of damages can not be reasonable estimated. What accounting treatment would be made in this regards?

- ▶ A provision will be made for damages
- ▶ **Damages will be disclosed as contingent liabilities** not sure
- ▶ Damages will be treated as accrued income
- ▶ No treatment will be taken

Question # 52: Where shares are purchased at a price above the face value, the difference shall be charged to:

- ▶ **Share Premium Account**
- ▶ Share Discount Account
- ▶ Distributable Profit Account
- ▶ Un-distributable Profit Account

Question # 53: In case of operating lease, an asset is recorded in the books of lessee at which of the following value?

- ▶ Fair value
- ▶ Present value
- ▶ Market value
- ▶ **Not recorded at any value**

Question # 54: Which of the following IAS covers the Debentures?

- ▶ IAS 32 only
- ▶ IAS 39 only
- ▶ **Both IAS 32 and IAS 39**
- ▶ IAS 17

Question # 55: Which of the following events are indicative of conditions that arose after Balance Sheet date?

- ▶ Adjusting events after balance sheet date
- ▶ Adjusting events before balance sheet date
- ▶ **Non - adjusting events after balance sheet date**
- ▶ Non - adjusting events before balance sheet date

Question # 56: Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

- ▶ Adjusting events only
- ▶ Non-adjusting events only
- ▶ **Both Adjusting and Non-adjusting events**
- ▶ None of the given options

Question # 57: With respect to IAS 10, major purchases of assets, classification of assets as held for sale, other disposal of assets, or expropriation of major assets by Govt. are considered as which of the following?

- ▶ Adjusting Events
- ▶ **Non-Adjusting Events**
- ▶ Bogus Events
- ▶ Contingent Events

Question # 58: With respect to IAS 10, sale of inventory after the balance sheet date below its cost and also below its net realizable value (inventory was measured at net realizable value on the balance sheet date) is considered as which of the following?

- ▶ **Adjusting Event** not sure
- ▶ Non-Adjusting Event
- ▶ Bogus Event
- ▶ Contingent Event

Question # 59: Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

- ▶ **Contingent asset**
- ▶ Fixed asset

- . ▶ Current asset
- . ▶ Floating asset

Question # 60: Which of the following is/are related to the IAS-37?

- . ▶ Contingent Assets
- . ▶ Contingent Liabilities
- . ▶ **Both Contingent Assets and Contingent Liabilities**
- . ▶ Inventory

Question # 62: An equity instrument that is subordinate to all other classes of equity instruments is:

- . ▶ **Ordinary share**
- . ▶ Potential ordinary share
- . ▶ Warrants
- . ▶ Options

Question # 63: Which of the following is/are Financial Instruments that give the holder, the right to purchase ordinary shares?

- . ▶ Equity shares
- . ▶ Potential ordinary shares
- . ▶ **Warrants or Options**
- . ▶ Preference shares

Question #64: Which of the following is widely used by investors as a measure of Company performance in comparing the results of A Company over a period of time?

- . ▶ **Earning Per Share**
- . ▶ Balance Sheet
- . ▶ Cash Flow Statement
- . ▶ Notes to the accounts

Question # 66: Which of the following is included in the Equity Section of the Balance Sheet?

- . ▶ **Share capital**
- . ▶ Long term financing
- . ▶ Deferred cost
- . ▶ Liability against assets subject to finance lease

Question # 67: Which of the following is NOT considered as expense by their function with respect to IAS 01?

- . ▶ **Cost of goods sold**
- . ▶ Distribution costs
- . ▶ Administrative expenses
- . ▶ Transportation costs

Question # 69: An electricity accrual of Rs. 375 was treated as prepayment in preparing a trader's profit and loss account. As a result his profit was:

- ▶ Understated by Rs. 750
- ▶ Overstated by Rs. 750
- ▶ **Understated by Rs. 375** not sure
- ▶ Overstated by Rs. 375

Question # 70: If A Limited Company entered into a contract with Pakistan Leasing Company to acquire an asset with down payment of Rs.30, 000, semi-annual payment of Rs. 50,000 and the lease term is 2 years. The lessee guaranteed the lessor to purchase the asset at the end of lease term at Rs. 10,000 which is estimated residual value. Then what is the amount of Minimum Lease Payment with respect to the lessee?

- ▶ Rs. 130,000
- ▶ **Rs. 220,000** not sure
- ▶ Rs. 230,000
- ▶ Rs. 240,000

Question # 72: What will be the purchase source at the time of re-purchase of shares?

- ▶ **The purchase shall be in cash and out of the distributable profits.**
- ▶ The purchase shall be in cash and out of the un-distributable profits.
- ▶ The purchase shall be in credit and out of the distributable profits.
- ▶ The purchase shall be in cash and out of the Revaluation surplus profits.

Question # 73: Which of the followings item(s) must be disclosed on the face of income statement according to IAS-1?

- ▶ **Revenue**
- ▶ Results of operating activities
- ▶ All of the given options
- ▶ Finance costs

Question # 74: Which of the following is the combined account for showing both result of business, i.e., gross and net profits?

- ▶ Trading and profit and loss account
- ▶ Profit and loss appropriation account
- ▶ **Income statement**
- ▶ None of the given options

Question # 75: The goods are written off when:

- ▶ These are completely damaged
- ▶ These are stolen
- ▶ These are destroyed by fire
- ▶ **All of the given options**

Question # 76: Which of the following bases, stock should be valued according to IAS-2?

- ▶ Cost
- ▶ Higher of cost or net realizable value
- ▶ **Lower of cost or net realizable value**
- ▶ Net realizable value

Question # 77: Proper Books of Accounts are kept by every company under which of the following sections of the Companies Ordinance 1984?

▶ **Section 230**

▶ Section 233

▶ Section 184

▶ Section 110

Ref: <http://finosys.com/company/sections/Sec230.htm>

Question # 78: Which of the following item may be included in a Balance Sheet at more than its historical cost?

▶ **Good will**

▶ Land

▶ Research expenditures

▶ Work in progress

Ref: http://en.wikipedia.org/wiki/Historical_cost

Question # 79: Written down value of an asset = -----

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

Question # 80: Which of the following entities is not profit oriented entity?

Sole - proprietorship

Partnership

Companies

Foundations

Question # 81: All of the following are Fixed assets EXCEPT:

Machinery

Freehold land

Leasehold land

Marketable securities

Question # 82: A Partnership firm has a maximum ____ numbers of partners.

20

15

10

02

Question # 83: Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Stock
General Stores
Spare parts

Bank over draft

Question # 84: Which one of the following is related to IAS 32 & 39?

Property, Plant & Equipment
Inventory
Financial Statements

Financial Instruments

Question # 85: IAS-16 deals with:

Property, Plant and Equipment

Cash Flow Statement
Presentation of Financial Statements
Earning per share

Question # 86: Which of the following meeting is held once in the life of a company?

Statutory Meeting

Annual General Meeting
Extraordinary Meeting
Board Meeting

Question # 87: Which of the following is NOT a Qualifying Asset?

Power plant being in the process of manufacture
Inventories requiring a substantial period for manufacturing
Special order for a special inventory that will be manufactured in 5 months

Asset ready for use

Question # 88: Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development
Audit
Accounting

Question # 89: Which of the following IAS deals with the Intangible Assets?

IAS 38

IAS 23
IAS 01
IAS 16

Question # 90: Which of the following is/are the type(s) of stock for manufacturing concerns?

Raw Material
Work in Process
Finished Goods

All of the given options

Question # 91: Which one of the following is a method of stock valuation?

Diminishing Balance Method
Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Question # 92: All of the following are Fixed assets EXCEPT:

Machinery
Freehold land
Leasehold land

Marketable securities

Question # 93: Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?

4th schedule

5th schedule
6th schedule
2nd schedule

Question # 94: Which of the following investment are recorded using Cost Method?

Investments made for longer period

Investments made for shorter period page 43

Investments made for shorter and longer period
None of the given options

Question # 95: An enterprise would be the subsidiary of another enterprise if that investor enterprise can control the subsidiary represents:

Subsidiary Companies

Holding Companies

Public Limited Companies
Private Limited Companies

Question # 96: Which of the following is NOT the method of stock valuation?

FIFO Method
Weighted Average Method
Specific Identification Method

Straight Line Method

Question # 97: Which of the following IAS is related to the Consolidated and Separate Financial Statements?

IAS 27

IAS 28

IAS 31

IAS 32

Question # 98: Which one of the following is a method of stock valuation?

Diminishing Balance Method

Written Down Value Method

Specific Identification Method

Sum of Year Digit Method

Question # 99: Which of the following is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use?

Applied research

Development

Business research

Accounting

Question # 100: What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

Question # 101: Which of the following is/are example(s) of development activities?

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and

Models the design, construction and operation of a pilot plant

All of the given options

Question # 102: Which of the following is/are the method(s) for calculating the cost of inventory?

FIFO Method

Weighted Average Method

Specific Identification Method

All of the given options

Question # 103: Partnership firm has a maximum ____ numbers of partners.

20

15

10
02

Question # 104: Which of the following may consist of more than 20 persons in case of partnership?

Firms of Lawyers
Firms of Doctors
Firms of Associates

All of the given options

Question # 105: Which one of the following is related to the Allowed Alternative Treatment for an investment in jointly controlled entities?

Proportionate Consolidation Method

Equity Method

Weighted Average Method
Sum of Year Digit Method

Question # 106: IAS-16 deals with:

Property, Plant and Equipment

Cash Flow Statement
Presentation of Financial Statements
Earning per share

Question # 107: Companies are registered under:

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement
Income Tax Ordinance 1979

Question # 108: To the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

FIFO Method

LIFO Method page 48

Weighted Average Method
Specific Identification Method

Question # 109: Which of the following IAS deals with the Borrowing Costs?

IAS 23

IAS 07
IAS 01
IAS 16

Question # 110: Which one of the following is the type of stock for trading concerns?

Raw Material
Work in Process

Finished Goods

Stock in Trade

Question # 111: What is the meeting requirement for the directors of a Public Limited Company?

At least once in each quarter

At least once in each month

At least once in each year

At least once in each week

Question # 112: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 113: Which of the following is/are example(s) of development activities?

The design of tools, jigs, moulds and dies involving new technology

The design, construction and testing of pre-production or pre-use prototypes and models

All of the given options

Question # 114: Which of the following IAS deals with the Intangible Assets?

IAS 38

IAS 23

IAS 01

IAS 16

Question # 115: Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

Question # 116: Which of the following is/are example(s) of research activities?

Select correct option:

Activities aimed at obtaining new knowledge

The search, evaluation, final selection and application of research findings

The search for alternatives

All of the given options

Question # 117: Which one of the following type(s) of information is(are) available in 4th and 5th schedule of the Companies Ordinance 1984?

Definitions and general requirements for preparation and presentation of financial statements

Requirements for Balance Sheet

Requirements for Profit and Loss Account

All of the given options

Question # 118: Which one of the following IAS is related to the Interest in Joint Venture?

IAS 27

IAS 28

IAS 31

IAS 32

Question # 119: Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

Question # 120: Which one of the following is(are) recorded under the Equity section of the Balance Sheet?

Share Premium

Reserves

Accumulated Profit

All of the given options

Question # 121: Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

Question # 122: Which one of the following is NOT recorded under Equity section of the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

Question # 123: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 124: Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

Question # 125: Which of the following is NOT the method of stock valuation?

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

Question # 126: Which of the following section of the Companies Ordinance 1984 deals with Revaluation of Fixed Assets?

Section 235

Section 236

Section 237

Section 238

Question # 127: Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

Question # 128: Partnership firms are registered under which of the following?

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

Question # 129: Written down value of an asset = -----

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

Question # 130: Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

Question # 131: Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

Question # 132: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

Question # 133: Which of the following IAS deals with the Associated Companies?

IAS 27

IAS 28

IAS 01

IAS 07

Question # 134: Which of the following IAS deals with the Associated Companies?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

Question # 135: Which of the following is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale?

Qualifying Asset

Outstanding Asset

Tangible Asset

Intangible Asset

Question # 136: Which of the following investments are recorded using Equity Method?

Investments made for longer period

Investments made for shorter period

Investments made for shorter and longer period

None of the given options

Question # 137: If Original cost is Rs. 100,000; Depreciation rate is 20% p.a. using straight line method; what will be the value of accumulated depreciation at the end of 2nd year?

Rs. 20,000

Rs. 40,000

Rs. 80,000

Rs. 60,000

Question # 138: Concept of Related Parties is defined in:

Companies Ordinance 1984

IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

Question # 139: Which one of the following is related to the IAS 39?

Consolidated and Separate Financial Statements

Interest in Joint Venture

Financial Instruments Disclosure and Presentation

Financial Instruments Recognition and Measurement

Question # 140: Which of the following IAS affect(s) the recognition, presentation and disclosure of fixed assets in financial statements?

IAS 01

IAS 16

IAS 23

All of the given options

Question # 141: Which of the following is an example of Capital Expenditure?

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

Question # 142: Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

Question # 143: In case an item of property, plant and equipment is exchanged for similar asset of the enterprise, the cost of the new asset is measured at the -----of the old asset.

Carrying value

Fair value

Future value

Salvage Value

Question # 144: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 145: Which of the following costs can be capitalized?

Purchases of assets financed through issue of debentures

Assets that are not currently in use because of excess capacity

Assets not currently undergoing activities necessary to prepare for intended use

Assets intended for sale or use that are produced as discrete projects

Question # 146: Which one of the following is(are) NOT recorded under Current Liabilities section of the Balance Sheet?

Debentures

Deferred Taxation

Obligation under Finance Lease

All of the given options

Question # 147: Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

Question # 148: The term “Significant Influence” refers to the:

Ability to participate but not to control financial and management affairs of the enterprise

Ability to participate and control financial and management affairs of the enterprise

Neither to control nor to participate in financial affairs of the enterprise

None of the given options

Question # 149: Which of the following asset is not an example of Intangible Fixed Assets?

Vehicles

Good Will

Copyrights

Trade Marks and Designs

Question # 150: Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount
Purchases return
Sales return

Question # 151: Which of the following entities is profit oriented entity?

NGOs
Trust
Societies

Sole - proprietorship

Question # 152: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Loans and Advances
Bank Balance

All of the given

Question # 153: Which of the following is INCORRECT with respect to Perpetual Inventory System?

Receipt of inventory is debited to Stock Account
Issuance of inventory is credited to Stock Account and Debited to Material Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

Question # 154: Which of the following statement is/are INCORRECT under the Cost Method for recognition of investment in associated companies?

Any distribution of profits by the investee company is recorded as an expense
Any distribution of profits by the investor company is recorded as an income
The carrying amount of the investment is increased or decreased to reorganize the investor's share of profits or losses of the investee after the date of acquisition

All of the given options

Question # 155: Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Bank Balance

Premises

Marketable Securities

Question # 156: What is the treatment of Accumulated Depreciation in accounting?

Treated as a reserve
Treated as a contra asset

Treated as a surplus

Treated as an expense

Question # 157: According to the Prudence concept, Stock should be included in Balance Sheet at:

Cost

Its net Realizable value

Lower of its total cost or its total net realizable value

Higher of its total

Question # 158: Which one of the following is NOT the component of cost?

Select correct option:

Import duties

Installation costs

Cost of site preparation

Transportation outwards

Question # 159: What is the treatment of Depreciation in accounting?

Select correct option:

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

Question # 160: Which one of the following is related to the Benchmark Treatment for an investment in jointly controlled entities?

Select correct option:

Proportionate Consolidation Method

Equity Method

LIFO Method

Specific Identification Method

Question # 161: Which of the following is/are NOT the example(s) of Financial Asset?

Select correct option:

Minority interest

Sale of goods

Purchases of goods

All of the given options

Question # 162: Which one of the following is a fixed asset?

Select correct option:

Cash in hand

Advanced payment

Closing stock

Leasehold vehicle

Question # 163: Which of the following is an example of Capital Expenditure?

Select correct option:

Wages paid on the purchases of goods

Carriage paid on the purchases of goods

Transportation paid on machinery purchased

Octroi duty paid on goods

Question # 164: All of the following are Fixed assets EXCEPT:

Select correct option:

Machinery

Freehold land

Leasehold land

Marketable securities

Question # 165: Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

Question # 166: Which of the following is INCORRECT with respect to Perpetual Inventory System?

Select correct option:

Receipt of inventory is debited to Stock Account

Issuance of inventory is credited to Stock Account and Debited to Material

Consumption Account

Receipt of inventory is debited to Purchase Account

Material Consumption Account becomes the part of Trading Account

Question # 167: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Select correct option:

Stock

Cash Balance

Finished Goods

All of the given options

Question # 168: Which of the following is an identifiable non-monetary asset without physical substance?

Select correct option:

Tangible Asset

Intangible Asset

Floating Asset

Circulating Asset

Question # 169: Which of the following represent(s) the Cost of goods sold?

Select correct option:

Sales – Gross Profit

Opening Stock + Purchases – Closing Stock

Cost of goods Manufactured + Opening Finished Goods Inventory – Closing

Finished Goods Inventory

All of the given options

Question # 170: Which of the following is(are) example(s) of Borrowing costs?

Select correct option:

Interest on bank overdrafts

Interest on short-term borrowings

Interest on long-term borrowings

All of the given options

Question # 171: If the holding company owns more than 50% but less than 100% shares of the subsidiary company then the subsidiary type will be termed as:

Select correct option:

Partially owned subsidiary

Wholly owned subsidiary

Direct subsidiary

Indirect subsidiary

Question # 172: Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labor

Cost Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

Question # 173: If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

The prudence concept

The going concern concept

Question # 174: Which one of the following is TRUE with respect to “FIFO” in inventory valuation?

First-In-First-Out

First-In-Freight-Out

Freight-In-First-Out

Freight-In-Freight-Out

Question # 175: Concept of Related Parties is defined in
Companies Ordinance 1984
IAS

Both Companies Ordinance 1984 and IAS

Neither in Companies Ordinance 1984 nor in IAS

Question # 176: What is the meeting requirement for the directors of a Public Limited Company?

At least once in each quarter

At least once in each month

At least once in each year

At least once in each week

Question # 177: Companies are registered under:

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

Question # 178: Which of the following methodology is adopted for the valuation of investments in associated companies?

Equity Method

At cost or Under IAS 39

At amortized cost

At fair value

Question # 179: Which of the following is/are the physical asset(s)?

Term Finance Certificates

Loan Agreements

Trade Receivables

All of the given options

Question # 180: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

Significant Influence

Direct Subsidiary

Indirect Subsidiary

Question # 181: If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

The prudence concept

The going concern concept

Question # 182: Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984
International Accounting Standards
International Financial Reporting Standards

All of the given options

Question # 183: Which one of the following is NOT recorded under of Equity section the Balance Sheet?

Share Premium
Share Capital
Accumulated Profit

Dividend Payable

Question # 184: Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost
Carrying Amount

Question # 185: Which of the following is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding?

Research

Development
Audit
Accounting

Question # 186: Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

FIFO Method
LIFO Method

Weighted Average Method

Specific Identification Method

Question # 187: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance
Loans and Advances
Bank Balance

All of the given options

Question # 188: Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

Question # 189: Which one of the following is the example of non-profit oriented organization?

NGO's

Trusts

Societies

All of the given options

Question # 190: Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

Question #191: In the first step of formation of A Company the availability of name is checked from SECP, that is at least two companies with same name can registered.

True

False

Question # 192: An increase in economic benefits during the accounting period in the form of increase of assets and decrease in liabilities is termed as Expenses.

True

False

Question # 193: In IAS 23 Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.

True

False

Question # 194: Cash discounts are usually received on bulk purchase and are agreed at the time of negotiation of cost. The cost of inventory is recorded net of these discounts.

True

False

Question # 195: Generally there are two types of discounts; _____ **Trade _____ and _____ **Cash** _____**

Question # 196: A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called

Joint Venture

Question # 197: **share holders' equity** is the net balance of the total assets of the business less third party's liabilities.

Question # 198: **qualifying** is an asset that necessarily takes a substantial period of time to get ready for its intended use.

Question # 199: In case of a single member company _____ person(s) is (are) required to be nominated to takeover the company in case of a death of the member.

One

Two

Three

Four

Question #200: Company should be termed as a _____ of another company if other company holds more than 50% of its shares or has the power to appoint more than 50% of its directors.

Associated

Subsidiary

Joint Venture

None of the given options

Question # 201: Directors or shareholders having _____ voting power can call for Extraordinary

General Meetings (EOGM).

10%

15%

20%

25%

Question # 202: Quality control during commercial production cost Rs. 10,000/- will be charged to:

Research expenses

Development cost

Profit and Loss account

None of the given options

Question # 203: Which one of the following is an example of Conversion Cost?

Labor and factory overheads

Labor and work in process

Work in process and finished goods

Factory overhead and work in progress

Question # 204: Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a long term nature

All of the given options

Question # 205: Movement of capital issued and reserves are presented through which of the following statement?

Cash flow statement

Statement of changes in equity

Income statement

Balance sheet

Question # 206: A maximum limit of the amount of the capital that a company can issue is mentioned in the Memorandum of Association and Article of Association of the company is called:

Authorized capital

Issued capital

Subscribed capital

Paid up capital

Question # 207: Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

Question # 208: Cash discounts are received on early payment of the outstanding amount. These discounts are conditional and are not reduced from the value of the inventory.

True

False

Question # 209: In the rare cases of conflict between an IAS and the Framework, the Framework will prevail.

True

False

Question # 210: Current assets will also include marketable securities if they are expected to be realized within twelve months of the Balance Sheet date.

True

False

Question # 211: Significant influence is the ability to participate and to control the financial and management affairs of the enterprise.

True

False

Question # 212: International Accounting Standards (IAS) are issued by International Accounting Standard Board (IASB).

True

False

Question # 213: Contingent assets are:

Recognized as asset in the balance sheet

Disclosed in the financial statements

None of the given options

Any of the given options depending upon certain condition

Question # 214: A reduction of share capital can be effected through an ordinary resolution.

True

False

Question # 215: According to IAS 2 Inventories are assets that are not held for sale in the ordinary course of business.

True

False

Question # 216: Which assets are specifically excluded from Financial Assets?

Investments

Prepaid Expenses

Physical Assets

Both (b) and (c)

Question # 217: A supplier sends you a statement showing a balance outstanding of Rs. 14,350.

Your own records show a balance outstanding of Rs. 14,500/-

The supplier sent an invoice for Rs. 150 which you have not yet received.

The supplier has allowed you Rs. 150 cash discount which you had omitted to enter in your ledgers

You have paid the supplier Rs. 150 which he has not yet accounted for

You have returned goods worth Rs. 150 which the supplier has not yet

accounted for

Question # 218: Contingent liabilities are:

Possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier

Both (a) and (b)

None of the given options

Question # 219: Accounting policy once selected can never be changed.

True

False

Question # 220: Minimum Lease Payments are:

The lease rentals payable by the lessee to the lesser

The contingent rent payable by lessee

All the payments that the lessee can be required to pay to the lesser

None of the given options

Question # 221: IAS 23, "Borrowing Cost" requires capitalization of borrowing cost as a benchmark treatment.

False

True

Question # 222: Liquidity is:

Excess of income over expenditure

Income generating capability of the business

Ability of a business to pay its debts in time

Excess of expenditure over income

Question # 223: A revaluation loss is charged to profit and loss account in the period in which the revaluation is carried out.

True

False

Question # 224: In case of tangible non-current assets, if a policy of revaluation is adopted for the first time, then this is treated as:

No change in Accounting Policy under IAS 8

A change in Accounting Policy

A revaluation under IAS 16 Property, Plant and Equipment

None of the given options

Question # 225: Right shares are issued when accumulated profit is being capitalized by the issuance of shares.

1. True

2. False

Question # 226: _____ **Net Realized Value** _____ is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

Question # 227: Liquidity is defined as:

1. Excess of income over expenditures
2. Income generating capability of the business
- 3. Ability of a business to pay its debts in time**
4. Excess of expenditures over income

Question # 228: If an entity declares dividends to the holders of equity instruments after the balance sheet date, the entity shall not recognize those dividends as a :

1. Equity
2. Deferred Liability
- 3. Liability**
4. Asset

Ref:

http://docs.google.com/viewer?a=v&q=cache:XMUI3epcawQJ:app1.hkicpa.org.hk/ebook/HKSA_Members_Handbook_Master/volumell/hkas10.pdf+&hl=en&pid=bl&srcid=ADGEESivnfEpdWZ6thyO4V4jSJWzF4Spcl2cOREL6fTfVxGfKACoLRoWJpAmZgmjtxrZOkW6Ca6Cq9p_FxDu1OcVt0BgDtFUys6YKTV3pgug3xOqqiJXEgOxdfmx5DRXrsUy-XIDWeD&sig=AHIEtbRW-7EEkfm6qngBAftJgYMwQlfBtg

Question # 229: The information as to profitability is provided by the balance sheet of the entity.

1. True
- 2. False**

Question # 230: Under IAS 33 _____ **Earning Per Share** _____ is widely used by investors as a measure of a company's performance.

Question # 231: Which of the following asset is specifically excluded from Financial Assets?

1. Investments
2. Prepaid Expenses
3. Physical Assets
- 4. Both Prepaid Expenses & Physical Assets**

Question # 232: Lease accounting is regulated by ____ which was introduced because of abuses in the use of lease accounting by companies.

- 1. IAS 17**
2. IAS 12
3. IAS 39
4. IAS 32

Question # 233: A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control, is called Subsidiary Companies.

1. True

2. False

Question # 234: Which of the following is a present obligation of the entity arising from a past event the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits?

Asset

Income

Expense

Liability

Question # 235: Which of the following types of business enjoys greater freedom and flexibility in making business decisions according to the economic conditions?

Private Limited Company

Sole-proprietorship

Partnership

Public Limited Company

Question # 236: Proper Books of Accounts are kept by every company under which of the following sections of the Companies Ordinance 1984?

Section 230

Section 233

Section 184

Section 110

Question # 237: Which of the following information must be disclosed in case of loan and advances to subsidiary companies?

The name of each borrower

Amount of loans and advances

The terms of loan and the particulars of collateral security held

All of the given options

Question # 238: Which one of the following is an example of Financial Asset?

Inventories

Patent rights

Goodwill

Accounts receivable

Question # 239: Mr. Jason invested Rs. 100,000 in bank as bonds for nine months. At the end of the year, this invested amount will be shown in Balance Sheet under the head of:

Fixed Assets

Current Asset

Current Liabilities

Long Term Liabilities

Question # 240: Which of the following represents the Financial Information presented in the financial statements relating to the assets and incomes should not be overstated.

Consistency

Profit

Materiality

Prudence

Question # 241: Which of the following statement shows the movement of cash inflows and outflows?

Income Statement

Balance Sheet

Statement of Owner's equity

Cash Flows Statement

Question # 242: Which of the following is an example of current liability?

Bank Overdraft

Stock

Goodwill

A loan repayable in two years

Question # 243: Which of the following is a component of current liabilities?

Assets subject to finance lease

Debentures

Provision for Taxation

Loans taken for more than five years

Question # 244: A damage claim of Rs.15 million for breach of contract has been served on the Company. The Company legal counsel is of the view that it is possible that the damages will be awarded to the plaintiff.

However, the amount of damages can not be reasonable estimated. What accounting treatment would be made in this regards?

A provision will be made for damages

Damages will be disclosed as contingent liabilities

Damages will be treated as accrued income

No treatment will be taken

Question # 245: Which of the following term represents the amount of share capital collected from the shareholders on application of shares?

Registered Capital

Subscribed Capital

Nominal Capital

Paid up capital

Question # 246: Where shares are purchased at a price above the face value, the difference shall be charged to:

Share Premium Account

Share Discount Account

Distributable Profit Account

Un-distributable Profit Account

Question # 247: In case of operating lease, an asset is recorded in the books of lessee at which of the following value?

Faire value

Present value

Market value

Not recorded at any value

Question # 248: Which of the following IAS covers the Debentures?

IAS 32 only

IAS 39 only

Both IAS 32 and IAS 39

IAS 17

Question # 249: Which of the following events are indicative of conditions that arose after Balance Sheet date?

Adjusting events after balance sheet date

Adjusting events before balance sheet date

Non - adjusting events after balance sheet date

Non - adjusting events before balance sheet date

Question # 250: Which of the following is/are the event/s after the balance sheet date with respect to IAS 10?

Adjusting events only

Non-adjusting events only

Both Adjusting and Non-adjusting events

None of the given options

Question # 251: Which of the following is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the control of the entity?

Contingent asset

Fixed asset

Current asset

Floating asset

Question # 252: Which of the following is/are related to the IAS-37?

Contingent Assets
Contingent Liabilities

Both Contingent Assets and Contingent Liabilities

Inventory

Question # 253: Which of the following is the example of Certain Liabilities?

Creditors against supplies

Accruals against expenses
Provision against expected losses
Provision against expected profits

Question # 254: An equity instrument that is subordinate to all other classes of equity instruments is:

Ordinary share

Potential ordinary share
Warrants
Options

Question # 255: Which of the following is/are Financial Instruments that give the holder, the right to purchase ordinary shares?

Equity shares
Potential ordinary shares

Warrants or Options (IAS 33)

Preference shares

Question #256: Which of the following is widely used by investors as a measure of Company performance in comparing the results of A Company over a period of time?

Earning Per Share

Balance Sheet
Cash Flow Statement
Notes to the accounts

Question # 257: Which of the following represents the Equity?

Share capital + accumulated profit + General Reserves

Share capital + Accumulated profit - General reserves
Share capital - Accumulated profit - General reserves
Accumulated profit - General reserves

Question # 258: Which of the following is included in the Equity Section of the Balance Sheet?

Share capital

Long term financing

Deferred cost
Liability against assets subject to finance lease

Question # 259: Which of the following is NOT considered as expense by their function with respect to IAS 01?

Cost of goods sold

Distribution costs

Administrative expenses

Transportation costs

Question # 260: Which of the following is TRUE?

Gross profit - Operating expenses = Operating profit

Cost of sales + Operating expenses = Operating profit

Cost of sales - Operating expenses = Net profit

Cost of sales - Operating expenses = Gross profit

Question # 261: An electricity accrual of Rs. 375 was treated as prepayment in preparing a trader's profit and loss account. As a result his profit was:

Understated by Rs. 750

Overstated by Rs. 750

Understated by Rs. 375

Overstated by Rs. 375

Question # 262: Which of the following is the correct formula to find the Present Value? Where

FV = Future Value, r = Interest rate and n = Time period

$FV (1 + r)^{-n}$

$FV (1 + r)^n$

$FV (1 - r)^{-n}$

$FV (1 \times r)^{-n}$

Question # 263: If you plan to save Rs. 5,000 with a bank at an interest rate of 8%, what will be the worth of your amount after 4 years if bank offers simple interest?

Rs. 5,400

Rs. 5,900

Rs. 6,600

Rs. 6,802

Question # 264: What will be the purchase source at the time of re-purchase of shares?

The purchase shall be in cash and out of the distributable profits.

The purchase shall be in cash and out of the un-distributable profits.

The purchase shall be in credit and out of the distributable profits.

The purchase shall be in cash and out of the Revaluation surplus profits.

Question # 265: Which of the followings item(s) must be disclosed on the face of income statement according to IAS-1?

Revenue

Results of operating activities

All of the given options

Finance costs

Question # 266: Which of the following is the combined account for showing both result of business, i.e., gross and net profits?

Trading and profit and loss account

Profit and loss appropriation account

Income statement

None of the given options

Question # 267: The goods are written off when:

These are completely damaged

These are stolen

These are destroyed by fire

All of the given options

Question # 268: Which of the following bases, stock should be valued according to IAS-2?

Cost

Higher of cost or net realizable value

Lower of cost or net realizable value

Net realizable value

Question # 269: Which of the following business is formed by the approval of Stock Exchange?

Money Exchange Company

Non Banking Finance Corporation

Trade organization u/s 42 of the Companies ordinance 1984

Corporate Brockage House

Question # 270: Which of the following fixed asset is shown at cost rather at book value?

Machinery

Furniture

Vehicles

Land

Question # 271: Which of the following is NOT related to the qualitative characteristics that make financial information useful?

Reliability only

Relevancy only

Both Reliability and Relevancy

Understandability

Question # 272: Which one of the following is the concept of the capital maintenance?

Financial capital maintenance

Physical capital maintenance

Both Physical and Financial capital maintenance

None of the given options

Question # 273: If the closing balance is lower than the difference of the opening balance and depreciation for the Year, it shows:

An addition of fixed assets has been taken place

A disposal of fixed assets

Fixed assets are installed under finance lease

None of the given options

Question # 274: Which of the following item may be included in a Balance Sheet at more than its historical cost?

Good will

Land

Research expenditures

Work in progress

Question # 275: The valuation of stock at lower of its cost or net realizable value is an application of:

The consistency concept

The going concern concept

The prudence concept

The accrual concept

Question # 276: Contribution to Research foundation amounting to Rs. 100,000/- Whether it is:

Development cost

Development cost & capitalized

Research expenses

None of the given options

Question # 277: Which of the following are the examples of research activities?

Activities aimed at obtaining new knowledge

Search, evaluation, final selection and application of research findings

Search for alternatives

All of the given options

Question # 278: There are _____ methods for recognition of investment in associated companies:

One

Two

Three
Four

Question # 279: _____ is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Net realizable value

Carrying value

Market value

All of the given options

Question # 280: Cost of inventories will consist, which of the following costs:

Purchase

Costs of Conversion

Other costs incurred in bringing the inventories to their location and condition

All of the given options

Question # 281: Cost of the inventory is calculated with which of the following method:

First in First Out (FIFO) & Last in First Out (LIFO)

Specific identification of cost

Weighted Average

All of the given options

Question # 282: The table shows information relating to end of year stock According to IAS 2, what is the value of stock at the balance sheet date?

Rs. 90,000/-

Rs. 80,000/-

Rs. 100,000/-

Rs. 70,000/-

Question # 283: Conversion cost includes:

Labor and factory overheads

Labor and work in process

Work in process and finished goods

Factory overhead and work in progress

Question # 284: The cost of inventories of a service provider consists of which of the following:

Labor

Other costs of personnel directly engaged in providing the service

Labor and other costs relating to sales

All of the given options

Question # 285: Which of the following is the disadvantage of modified schedules and alternative workplace?

- Freedom in professional and personal life

- Adds more Job satisfaction
- **Complicated coordination**
- Suitable for self starter who require little direct supervision

Question # 286: Revenue expenditure is likely to benefit:

- Future period
- Current + future period
- **Current period**
- Past period

Question # 287: Net investment in the lease is:

- Residual value
- MLP + URV
- **P.V of G.I**
- None

Question # 288: Which item may be included in Balance Sheet at more than historical cost?

- **Land and Building**
- Work in progress
- Goodwill
- Research expenditure

Question # 289: What is material?

- Item that could influence economic decision of users
- It depends on size and nature of them
- **Both economic decision of users & size and nature of them**
- None of the given options

Question # 290: As a result of a product break through, it has been determined that manufacturing equipment previously depreciated over 15 years should be depreciated over 20 years whether it is:

- Changes in accounting policy
- Prior period error
- **Changes in accounting estimate**
- None of the given options

Question # 291: Example of change in accounting estimates is the followings:

- Bad Debts
- Inventory obsolescence
- Warranty obligations
- **All of the given options**

Question # 292: Imran & Co made a profit for the year of Rs. 56,250 after accounting for depreciation Rs. 3,750. During the year, fixed assets were purchased for 24,000 debtors increased by Rs. 3,000, stock decreased by Rs. 5,400 and creditors increased by Rs. 1,050. The increase in cash and bank during the year was:

• **Rs. 39,450**

- Rs. 15,950
- Rs. 14,650
- Rs. 17,150

Question # 293: Khan & Co. reported a profit of Rs. 30,000 for the year, after charging the following:

Depreciation Rs. 5,000

Loss on sale of assts Rs. 2,000

During the year there was a decrease in working capital of Rs. 1,000. What was the net cash flow generated from operations?

- Rs. 12,000

• **Rs. 38,000**

- Rs. 20,000
- Rs. 25,000

Question # 294: Which of the following is not a cash flow in a cash flow statement?

- A right issue

• **A depreciation charge**

- Proceeds on the sale of a fixed asset
- Corporation tax paid

Question # 295: A cash flow statement provides information that enables user to evaluate:

- Changes in net assets
- Financial structure
- Amounts and timing of cash flows

• **All of the given options**

Question # 296: The accounting entity or separate entity concept means.

- That each branch of the business should be treated as a separate accounting entity.

- That each line of business should be treated as a separate accounting entity.

• **That business should be treated as an entity separate from its owners.**

- None of the above

Ans: That business should be treated as an entity separate from its owners.

This concept implies that the activities of a business are to be treated as separate from the non-business activities of its owners.

The items recorded in the books of business are therefore restricted to the transactions of the business. The only time that the personal resources of the

owners will affect the books of business when introduce new capital into the business or take out profits from it.

Question # 297: You are running a small business. You have obtained a personal loan from the bank that you intend to use for renovation of your own house.

The loan would be classified as:

- Long term liability of the business
- Short term liability of the business
- Any one of the above depending upon the term of the loan

• **None of the above**

Ans: None of the above.

Following the separate entity concept only those transactions will be recorded in the books of the business that relate to the business. A personal loan of the owner will not be recorded in the books of the business at all.

Question # 298: Assets and liabilities are classified into current and non-current on the basis of:

• **Their expected life or repayment term.**

- The amount spent or payable i.e. on the basis of materiality.
- Judgment of the individual
- All of the above

Ans. Their expected life or repayment term.

In case of assets the major classification of the assets includes Non-current assets and Current Assets, whereas in case of liabilities the major classifications are:

- Equity,
- Non-Current Liabilities
- and Current Liabilities

All these classifications are based on the expected life of the asset or the repayment term, there value of the judgment of the individual do not affect their classification

Question # 299: Which of the following statements best defines the term “Useful life of an asset”?

- It is the time period after which the asset becomes useless.
- It is the time period after which the organization sells the asset.
- **It is the time period after which maintaining the asset is not viable economically.**
- None of the above

Ans: It is the time period after which maintaining the asset is not viable economically.

Useful life of an asset is defined as the number of years over which an enterprise expects to use an asset. OR The number of production or similar units expected to be obtained from an asset. This means that the enterprise would like to use the asset as long as it is economically feasible for the enterpriser to operate the

asset. Economic feasibility means that the asset is giving more output than the cost incurred to operate it.

Question # 300: What is depreciation?

- Market value of an asset reduces with the passage of time. This reduction is called depreciation.

- **Systematic allocation of depreciable amount of an asset over its useful life**

- It is the cost of maintaining an asset.
- All of the above

Ans: Systematic allocation of depreciable amount of an asset over its useful life.

Depreciation is a charge for using the asset or spreading its cost of purchase over the life of the asset and is calculated by distributing the cost of the asset over its useful life.

Question # 301: The consideration that would have to be paid if same or an equivalent asset is acquired. Such kind of consideration is called:

- **Current cost**

- Periodic cost
- Fixed Cost
- Semi-annual cost

Question # 302: _____ is the undiscounted amounts of cash or cash equivalents expected to be paid to satisfy the liabilities in the normal course of business.

- **Settlement value**

- Realizable value
- Residual value
- None of the given options

Question # 303: Which of the following is a tool of measuring financial position of an entity?

- **Balance sheet**

- Income statement
- Cash flow statement
- All of above

Question # 304: _____ are included in the cost on inventories only to the extent that they are incurred in bringing the inventories to their present location and condition.

- **Other costs**

- Installation cost
- Transportation cost
- Carrying cost

Question # 305: In perpetual Inventory systems inventory is recorded as:

Receipt of inventory is debited to purchases account.

No recording is made for individual issue in the General Ledger.

Receipt of inventory is credited to Stock Account.

Issues are Credited to Stock Account and Debited to Material Consumption Account.

Question # 306: Which of the following is not a component of financial statement?

- Balance sheet and Income statement
- Statement of changes in equity
- Cash flow statement
- **None of the above**

Question # 307: Cash discounts are received on early payment of the outstanding amount.

These discounts are:

- Non conditional and reduce from the value of the inventory.
- Conditional and reduce from the value of the inventory.
- Non conditional and are not reduced from the value of the inventory.
- **Conditional and are not reduced from the value of the inventory.**

Question # 308: Stores and spares are valued at:

- Cost value
- Market value
- **Cost or market whichever is less**
- Cost or market whichever is greater

Question # 309: Stores and spares include items which may result in _____ but are not distinguishable.

- Revenue expenditure
- **Fixed capital expenditure**
- Both capital and revenue expenditure
- None of the above

Question # 310: The cost of inventories may not be recoverable if:

- Those inventories are damaged
- They have become wholly or partially obsolete
- Their selling price has declined
- **All of above**

Question # 311: IAS 1 suggests certain order for notes to the financial statements. This will assist users when comparing the statements of different entities. By applying above statement, which of the following does not include in IAS

Statement of compliance with IAS's
Statement of the measurement basis and accounting policies applied
Other disclosures

None of the given options

Question # 312: Revenue shall be measured at _____ of the consideration received or receivable.

• Fair value

- Cost value
- Discount value
- None of the given options

Question # 313: Depreciation, maintenance, rent, utilities and management costs of administrative offices are charged to:

• Administrative cost

- Distribution Costs
- Finance Costs
- Cost of Goods Sold

Question # 314: Under IAS 28 investment in associates is recorded using which of the following method?

Equity method

- Cost & Equity method
- Cost method
- None of the given options

Question # 315: IAS 36 "Impairment of Assets" defines that recognition of gains / losses is always due to _____ of the assets:

• Change in Fair value

- Addition of assets
- Deletion of assets
- Depreciation

Question # 316: Distribution costs are expenses that are directly related to:

• Selling the products of the entity

- Mark up paid on loans and leases
- Administration and management of the business
- All of the given options

Question # 317: An entity shall present a statement of changes in equity, showing which of the following on the face of the statement:

- Profit or loss for the period
- Total income and expense for the period
- Total amounts attributable to equity holders of the parent and to minority interest

• All of the given options

Question # 318: Other operating income includes which of the following:

- Income from financial assets
- Income from investments in debts, loans, advances and receivables to each related party
- Income from assets other than financial assets

• All of the given options

Question # 319: Under which of the following circumstances provision might not be recognized?

- The board agreed a detailed closure plan on 20 December 20X9 and details were given to customers and employees.
- A Company is obliged to incur clean up costs for environmental damage (That has already been caused)

• A Company intends to carry out future expenditure to operate in a particular way in the future.

- None of the given options

Question # 320: Cost of goods sold includes which of the following:

- Sales and distribution costs
- Depreciation, maintenance, rent and utilities

• Direct labor cost

- Advertisement costs

Question # 321: Management shall use its judgment in developing and applying an accounting policy that results in information that is:

- a) Relevant to the economic decision making needs of the user
- b) Reliable, in that the financial statements & Neutral
- c) Complete in all material respects & Prudent

d) All of the given options

Question # 322: Accounting policies should be applied consistently for ____ transactions.

a) Similar

- b) Divergent
- c) Contradictory
- d) Conflicting

Question # 323: Cash Flow Statement means:

- a) A statement shows the movement in cash resources of the business
- b) The statement shows the sources from which business generated cash and its application.
- c) A statement analyses operating, investing and financing activities of the business

d) All of the given options

Question # 324: Ahmed & Co. issued shares how would a bonus issue of shares affect a cash flow statement:

- a) It would reduce cash flow from operations
- b) It would have no effect on cash flow**
- c) It would increase cash flow from investing activities
- d) It would increase cash flow from financing activities

Question # 325: Cash flow from operating activities are generally derived from the principal of _____ of the business:

- a) Revenue producing activities**
- b) Capital producing activities
- c) Cash receipts & payment activities
- d) Cash receipts & payment from owner activities

Question # 326: At the time of inception of lease, in cash flow statement, Asset and

Liability is recorded in Balance Sheet. However in case of cash flows:

- a) Only payment of Lease Rentals is shown as outflow**
- b) Both payment of finance lease & Lease Rentals is shown as outflow
- c) Only payment of Lease Rentals is shown as inflow
- d) Only payment of finance charge is shown as outflow

Question # 327: Which of the following statement would be considered as out flow, in the outflow statement?

- a) The difference between the old and new valuations in the case of the revaluation of fixed assets
- b) Proceeds as a result of selling fixed assets
- c) The depreciation charge for the current year
- d) The repayment of a bank loan**

Question # 328: Imran & Co. changed LIFO method to FIFO method to value for its finished goods inventory. Whether it is:

- a) Change in accounting estimates
- b) Prior period errors
- c) Change in accounting policy**
- d) None of the given options

Question # 329: Which of the following is an example of change in accounting estimates:

- a) Bad debts
- b) Inventory obsolescence
- c) Warranty obligations
- d) All of the above**

Question # 330: A prior period shall be corrected by:

a) Retrospective restatement

- b) Prospective application
- c) Shall not be corrected
- d) None of the above

Question # 331: Reporting Inventory at the lower of cost or market value is a departure from the accounting principle of:

- a) Full disclosure
- b) Historical cost**
- c) Consistency
- d) Conservatism

Question # 332: Which of the following is the ability to govern the financial and operating policies of an enterprise so as to obtain from its activities?

Control

- Significant Influence
- Direct Subsidiary
- Indirect Subsidiary

Question # 333: If stock valuation method is changed every year by the firm, which concept the firm has violated?

The materiality concept

The consistency concept

- The prudence concept
- The going concern concept

Question # 334: Preparation and presentation of Financial Statements are governed by:

- Companies Ordinance 1984
- International Accounting Standards
- International Financial Reporting Standards

All of the given options

Question # 335: Which one of the following is NOT recorded under of Equity section the Balance Sheet?

- Share Premium
- Share Capital
- Accumulated Profit

Dividend Payable

Question # 336: Which of the following is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction?

Depreciable Amount

Fair Value

Cost

Carrying Amount

Question # 337: Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

Question # 338: Under which of the following methods for inventory valuation, costs of earliest purchases assumed still to be in inventory?

FIFO Method

LIFO Method

Weighted Average Method

Specific Identification Method

Question # 339: Which of the following is/are the Classification of Current Assets with respect to the Companies Ordinance 1984?

Cash Balance

Loans and Advances

Bank Balance

All of the given options

Question # 340: Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

Question # 341: Fair presentation means:

Application of Companies Ordinance, 1984

Income Tax Ordinance, 2001

IAS with additional disclosure

None of the given options

Question # 342: Rendering of services, revenue associated with the transaction can be estimated reliably when, which of the following conditions are satisfied:

The amount of revenue cannot be measured reliably

It is doubtful that economic benefits associated with the transaction will flow to the entity

The stage of completion of the transaction at the balance sheet date can be measured reliably

The cost incurred for the transaction and the cost to complete the transaction cannot be measured reliably

Question # 343: The stock sheet for the previous year was incorrectly undercasted by Rs. 200,000, whether it is:

Changes in accounting policy
Change in accounting estimate

Prior period error

None of the given options

Question # 344: Inventories are carried in the books of accounts according to the methods of valuation given in:

IAS 28

IAS 2

IAS 4

IAS 29

Question # 345: A public company is required to file a _____ with SECP before allotment of shares.

Prospectus

Statement in lieu of prospectus

Articles of Association

None of the given options

Question # 346: According to the International Accounting Standards any decrease in the value of goodwill is made with the help of:

Amortization

Impairment

Depreciation

None of the given options

Question # 347: Contingent assets are:

Recognized as asset in the balance sheet

Any of the given options depending upon certain condition

Disclosed in the financial statements

None of the given options

Question # 348: Which assets are specifically excluded from Financial Assets?

Investments

Prepaid Expenses

Physical Assets

Both (b) and (c)

Question # 349: A supplier sends you a statement showing a balance outstanding of Rs. 14,350.

Your own records show a balance outstanding of Rs. 14,500/-

The supplier sent an invoice for Rs. 150 which you have not yet received.

The supplier has allowed you Rs. 150 cash discount which you had omitted to enter in your ledgers

You have paid the supplier Rs. 150 which he has not yet accounted for
You have returned goods worth Rs. 150 which the supplier has not yet accounted for

Question # 350: Contingent liabilities are:

Possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity

Liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier

Both (a) and (b)

None of the given options

Question # 351: Minimum Lease Payments are:

The lease rentals payable by the lessee to the lesser

The contingent rent payable by lessee

All the payments that the lessee can be required to pay to the lesser

None of the given options

Question # 352: Discount allowed on issue of shares is:

Shown as reduction in share capital

Written off as expense

Charged to share premium account

Both (a) and (b)

Both (b) and (c)

Question # 353: The historical cost convention:

Fails to take account of changing price levels over time

Records only past transactions

Values all assets at their cost to the business, without any adjustment for depreciation

Has been replaced in accounting records by a system of current cost accounting

Question # 354: Liquidity is:

Excess of income over expenditure

Income generating capability of the business

Ability of a business to pay its debts in time

Excess of expenditure over income

Question # 355: The issue of the shares at discount must be authorized by resolution passed in _____ of the company and must be sanctioned by the Commission.

1. General Meeting

2. Extra Ordinary Meeting
3. Statutory Meeting
4. None of the given options

Question # 356: Property, plant and equipment are carried in the books of accounts in accordance with the requirements of :

1. IAS 2
2. IAS 4
- 3. IAS 16**
4. IAS 28

Question # 357: If the closing balance is lower than the difference of the opening balance and depreciation for the Year, it shows:

- 1. An addition of fixed assets has been taken place**
2. A disposal of fixed assets
3. Fixed assets are installed under finance lease
4. None of the given options

Question # 358: In case of tangible non-current assets, if a policy of revaluation is adopted for the first time, then this is treated as:

1. No change in Accounting Policy under IAS 8
2. A change in Accounting Policy
- 3. A revaluation under IAS 16 Property, Plant and Equipment**
4. None of the given options

Question # 359: Liquidity is defined as:

1. Excess of income over expenditures
2. Income generating capability of the business
- 3. Ability of a business to pay its debts in time**
4. Excess of expenditures over income

Question # 360: If an entity declares dividends to the holders of equity instruments after the balance sheet date, the entity shall not recognize those dividends as a :

1. Equity
2. Deferred Liability
- 3. Liability**
4. Asset

Question # 361: Which of the following asset is specifically excluded from Financial Assets?

1. Investments
2. Prepaid Expenses
3. Physical Assets
- 4. Both Prepaid Expenses & Physical Assets**

Question # 362: Lease accounting is regulated by _____ which was introduced because of abuses in the use of lease accounting by companies.

1. IAS 17

2. IAS 12

3. IAS 39

4. IAS 32

Question # 363: The issue of the shares at discount must be authorized by resolution passed in _____ of the company and must be sanctioned by the Commission.

1. General Meeting

2. Extra Ordinary Meeting

3. Statutory Meeting

4. None of the given options

Question # 364: Property, plant and equipment are carried in the books of accounts in accordance with the requirements of:

1. IAS 2

2. IAS 4

3. IAS 16

4. IAS 28

Question # 365: Issuance of shares at discount is the inverse of:

Issuance of Bonus

Issuance at Premium

Right Shares Issue

Further Issue

Question # 366: A private company is not required to issue a _____ as it is prohibited by its articles from inviting general public to subscribe for its shares.

Cash flow statement

Prospectus

Income statement

Balance sheet

Question # 367: Risks and rewards associated with the ownership related to:

Finance Lease

Operating Lease

Hire Purchase Agreement

Installments

Question # 368: Minimum lease payment (MLP) includes from lesser point of view:

Total payment

Residual value guaranteed by lessee

Party related to him or third party
All of the given options

Question # 369: In operating lease, rental expenses should be charged to:

Balance sheet

Profit and loss account

Income of lessee
None of the given options

Question # 370: Fair presentation means:

Application of Companies Ordinance, 1984
Income Tax Ordinance, 2001

IAS with additional disclosure

None of the given options

Question # 371: Rendering of services, revenue associated with the transaction can be estimated reliably when, which of the following conditions are satisfied:

The amount of revenue cannot be measured reliably
It is doubtful that economic benefits associated with the transaction will flow to the entity

The stage of completion of the transaction at the balance sheet date can be measured reliably

The cost incurred for the transaction and the cost to complete the transaction cannot be measured reliably

Question # 372: Which transaction will cause an increase in capital employed:

Receipt of payment from account receivables in cash

Increasing the provision for bad debts
Receipt of a loan
Disposal of a fixed asset for more than its book value

Question # 373: Income statement formats based on classification of:

Expenses
Incomes
Revenues

All of the given options

Question # 374: Preliminary expenses are an example of:

Revenue expenditure

Deferred revenue expenditure

Capital expenditure
None of the given options

Question # 375: The stock sheet for the previous year was incorrectly undercasted by Rs. 200,000, whether it is:

Changes in accounting policy
Change in accounting estimate

Prior period error

None of the given options

Question # 376: An example of cash flows from operating activities is:

Cash receipt from sale of goods and rendering of services

Cash payment to acquire property plant and equipment
Proceed from short term financing
Cash payment and receipt from acquisition and disposal other long term assets

Question # 377: Inventories are carried in the books of accounts according to the methods of valuation given in:

IAS 28

IAS 2

IAS 4

IAS 29

Question # 378: A public company is required to file a _____ with SECP before allotment of shares.

Prospectus

Statement in lieu of prospectus

Articles of Association

None of the given options

Question # 379: According to the International Accounting Standards any decrease in the value of goodwill is made with the help of:

Amortization

Impairment

Depreciation

None of the given options

Question # 380: Which one of the following is the example of non-profit oriented organization?

NGO's

Trusts

Societies

All of the given options

Question # 381: Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

Question # 382: The amount by which the carrying amount of an asset exceeds its recoverable amount is called as:

Impairment loss

Residual value

Depreciation

Fair value

Question # 383: Which of the following are the examples of development activities?

Design, construction and testing of pre-production models

Design of tools, jigs moulds dies, involving new technology

Design, construction and operation of pilot plant

All of the given options

Question # 384: Investments made for long term in associated companies, is recorded using _____ method of recognition and shown separately in the balance sheet as long-term

Assets

Equity

Cost

Both Cost and Equity

None of the given options

Question # 385: Costs of purchase of Inventories comprising which of the following:

Purchase price

Import duties and other taxes

Transport less trade discount, rebate and other similar amounts

All of the given options

Question # 386: under Benchmark Treatment IAS-2, does not recommend the following method of stock valuation for incorporating its value in financial statement.

FIFO method

The weighted average cost method

LIFO method

None of the given options

Question # 387: A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called _____.

Joint Venture

Subsidiary Companies

Associated Companies

None of the given options

Question # 388: An intangible asset with indefinite useful life shall:

Be amortized using straight line method

Not to be amortized

Be amortized using reducing balance method

Either be amortized using straight line method OR be amortized using reducing balance method

Question # 389: A complete set of financial statement includes which of the followings:

A Balance sheet and Income statement

A statement of changes in financial position

Notes, other statements and explanatory material

All of the given options

Question # 390: There is no concept of capital in:

Sole proprietorship

NGO's / NPO's

Partnership

Public Limited Company

Question # 391: The surplus arising from revaluation of fixed assets of an entity is shown:

Separately in the balance sheet

As indirect income in income statement

Added in the fixed asset

None of the given options

Question # 392: A Company uses FIFO method to evaluate its stock. The information for the stock is as follows:

- Opening stock was 10 units at 2 each.

- Purchases were 30 units at Rs. 3 each, and

- Then issues of 12 units were made, followed by issues of 8 units.

Closing stock is valued at:

Rs. 50

Rs. 58

Rs. 60

Rs. 70

Question # 393: The capital maintenance concept implies that:

The capital of a business should be kept intact by not paying out dividends.

A business should invest its profits in the purchase of capital assets.

Fixed assets should be properly maintained.

Profit is earned only if the value of an organization's net assets or its Operating capability has increased during the accounting period.

Question # 394: The cost of inventories of a service provider does not consist of:

Costs of personnel directly engaged in providing the service

Supervisory personnel

Attributable overheads

Labor and other costs relating to sales

Question # 395: Statutory Meeting is required to be held within:

3 to 6 months

1 to 3 months

6 to 9 months

9 to 12 months

Question # 396: Goodwill is most appropriately classified as:

A fixed asset

An intangible asset

A fictitious liability

A semi-fixed asset

Question # 397: If a Company purchased an Asset for Rs.20, 000. The estimated useful life of asset is ten years. After five years the Book Value of the Asset will be: (using straight line method of depreciation and no residual value)

16,000

10,000

8,000

5,000

$20000 - \{(20000/10)*5\} = 10000$

Question # 398: A complete set of financial statements include:

A balance sheet

A statement of changes in financial position & Notes, other statements and explanatory material

An income statement

All of the given options

Question # 399: The main aim of accounting is to:

Maintain ledger accounts for every transaction.

Provide financial information to users of such information.

Produce a Trial balance.

Record every financial transaction individually.

Question # 400: In case of a single member company _____ person(s) is (are) required to be nominated to takeover the company in case of a death of the member.

One

Two

Three

Four

Question #401: Company should be termed as a _____ of another company if other company holds more than 50% of its shares or has the power to appoint more than 50% of its directors.

Associated

Subsidiary

Joint Venture

None of the given options

Question # 402: Directors or shareholders having _____ voting power can call for Extraordinary General Meetings (EOGM).

10%

15%

20%

25%

Question # 403: Quality control during commercial production cost Rs. 10,000/- will be charged to:

Research expenses

Development cost

Profit and Loss account

None of the given options

Question # 404: Which one of the following is an example of Conversion Cost?

Labor and factory overheads

Labor and work in process

Work in process and finished goods

Factory overhead and work in progress

Question # 405: Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a long term nature

All of the given options

Question # 406: Which one of the following is the concept of the capital maintenance?

Financial capital maintenance

Physical capital maintenance

Both Physical and Financial capital maintenance

None of the given options

Question # 407: Movement of capital issued and reserves are presented through which of the following statement?

Cash flow statement

Statement of changes in equity

Income statement

Balance sheet

Question # 408: A maximum limit of the amount of the capital that a company can issue is mentioned in the Memorandum of Association and Article of Association of the company is called:

Authorized capital

Issued capital

Subscribed capital

Paid up capital

Question # 409: Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

Question # 410: A person who acquires shares in a Company is known as a:

Director

Shareholder

Partner

Manager

Question # 411: The amount of the issued share capital of a company is:

.. Always equal to the amount of its authorized share capital

.. **Equal to the amount of its issued preference share capital**

.. Equal to the reserves of the company

.. None of the given options

Question # 412: Contingent liabilities are written in Balance Sheet as:

.. Long Term Deposits

.. Current Liabilities

.. Long Term Loans

.. **Foot Notes**

Question # 413: Which of the following is NOT an example of current liability?

.. Bank overdraft

.. **Loan given to Mr. A for shorter period**

.. Accounts Payable

.. Loan received from Mr. B for shorter period

Question # 414: Which one of the following is the present obligation of the entity as a result of past event from which future economic benefits are expected to flow to the entity?

.. **Asset**

- .. Gain
- .. Liability
- .. Expense

Question # 415: Which of the following is an increase in the future economic benefits related to an increase in an asset or a decrease of a liability that can be measured reliably?

- .. Equity
- .. **Income**
- .. Liability
- .. Expense

Question # 416: Which of the following is TRUE with respect to the Prudence concept?

- .. Financial Information presented in the financial statements relating to the assets and incomes should not be overstated and relating to liabilities and expenses should not be understated.
- .. Financial Information presented in the financial statements relating to the assets liabilities, expenses and incomes should not be overstated.
- .. Financial Information presented in the financial statements relating to the assets liabilities, expenses and incomes should not be understated.
- .. **Financial Information presented in the financial statements relating to the assets and incomes should not be understated and relating to liabilities and expenses should not be overstated.**

Question # 417: The accruals concept:

- .. Applies to revenue and expenses only
- .. Applies to assets and liabilities only
- .. **Applies to revenue, expenses, assets and liabilities**
- .. Is not a fundamental accounting concept

Question # 418: Which of the following is TRUE with respect to the disclosure requirements of Trade Debts?

- .. **Provision for doubtful debts is deducted from the doubtful debts**
- .. Doubtful debts is deducted from the Provision for doubtful debts
- .. Doubtful debts and its Provision is shown separately as asset
- .. Provision for doubtful debts is not taken into consideration

Question # 419: Trade debts secured are to be shown in the balance sheet under the head of:

- .. Non Current Assets
- .. Current Liabilities
- .. **Current Assets**
- .. Capital

Question # 420: Which of the following is NOT the type of Market Risk?

- .. Price Risk
- .. **Liquidity Risk**
- .. Interest Rate Risk
- .. Currency Risk

Question # 421: Which one of the following is NOT an example of Financial Instruments?

- .. **Inventories**
- .. Loans payable
- .. Share capital
- .. Debentures

Question # 422: Which of the following IAS mainly covers Financial Instruments of other long term investments?

- .. IAS 27 & 32
- .. IAS 28 & 39
- .. **IAS 32 & 39**
- .. IAS 31 & 32

Question # 423: Which one of the following is related to the IAS 27?

- .. **Consolidated and Separate Financial Statements**
- .. Interest in Joint Venture
- .. Financial Instruments Disclosure and Presentation
- .. Financial Instruments Recognition and Measurement

Question # 424: A fixed asset cost Rs. 8,000; it is sold for Rs. 4,800. At the date of its disposal, its net book value is Rs. 3,000. What is the profit or loss on disposal?

- .. Profit Rs. 3,200
- .. Loss Rs. 3,200
- .. Loss Rs. 1,800
- .. **Profit Rs. 1,800**

Question # 425: A firm depreciated its fixed assets purchased on January 01, 1993 at the rate of 25% per annum using the reducing balance method. If the total depreciation charged on these assets up to 31st December, 1995 was Rs. 23,125, their net book value at that date was:

- .. Rs. 16,875
- .. Rs. 17,500
- .. **Rs. 7,708**

.. Rs. 10,000
.. **$(23125/0.75) - 23125 = 7708$**

Question # 426: Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

- .. Stock
- .. General Stores
- .. Spare parts
- .. **Fixture**

Question # 427: Which one of the following methods for inventory valuation is most conservative method during periods of rising prices?

- .. FIFO Method
- .. Weighted Average Method
- .. Specific Identification Method
- .. **LIFO Method**

Question # 428: According to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

- .. FIFO Method
- .. **LIFO Method**
- .. Weighted Average Method
- .. Specific Identification Method

Question # 429: Which of the following information must be disclosed in case of loan and advances to subsidiary companies?

- .. The name of each borrower
- .. Amount of loans and advances
- .. The terms of loan and the particulars of collateral security held
- .. **All of the given options**

Question # 430: Which of the following is (are) related with the IAS 23?

- .. Qualifying Assets
- .. Amount to be capitalized
- .. Capitalization period
- .. **All of the given options Page 30**

Question # 431: Revaluation of asset is conducted by:

- .. Directors
- .. Shareholders
- .. Managers
- .. **Professional Qualified Value's**

Question # 432: Which one of the following subsequent expenditure can be capitalized?

- .. **Modification of an item of Plant to extend its useful life or capacity**

- .. Expenditure on repairs and maintenance of Property Plant and Equipment that is made to restore or maintain the economic benefit from it
- .. New tires placed on a motor car
- .. None of the given options

Question # 433: Which of the following asset is recorded in Balance Sheet under the heading of Current Assets?

- .. Furniture
- .. Deferred Cost
- .. Land
- .. **Prepayments**

Question # 434: If the holding company owns 100% shares of the subsidiary company then the subsidiary type will be termed as:

- .. Partially Owned Subsidiary
- .. **Wholly Owned Subsidiary**
- .. Direct Subsidiary
- .. Indirect Subsidiary

Question # 435: Which of the following IAS deals with the term Significant Influence in associate companies?

- .. IAS 07
- .. IAS 27
- .. **IAS 28**
- .. IAS 01

Question # 436: Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?

- .. Section 160
- .. **Section 158**
- .. Section 159
- .. Section 157

Question # 437: Which of the following types of business can maintain the secrecy in all business matters?

- .. **Sole-proprietorship**
- .. Partnership
- .. Public Limited Company
- .. Private Limited Company

Question # 438: Which of the following types of business has the burden of unlimited liability?

- .. Private Limited Company
- .. **Sole-proprietorship**
- .. Single Member Company
- .. Public Limited Company

Question # 439: Which of the following refers to the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all?

.. Sole – proprietorship

. **Partnership**

. Company

Trust