

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

Cash Balance

Bank Balance

Premises

1. Marketable Securities
2. Written down value of an asset = _____

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

3. Which of the following entities is not profit oriented entity?

Sole - proprietorship

Partnership

Companies

Foundations

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4. All of the following are Fixed assets EXCEPT:

Machinery

Freehold land

Leasehold land

Marketable securities

5. A Partnership firm has a maximum ____ numbers of partners.

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20 mgt211 page 23

15

10

02

6. 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

7.

Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

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8. Which one of the following is related to IAS 32 & 39?

Property, Plant & Equipment

Inventory

Financial Statements

Financial Instruments

9. IAS-16 deals with:

Property, Plant and Equipment

Cash Flow Statement

Presentation of Financial Statements

Earning per share

10. Which of the following meeting is held once in the life of a company? vuzs

Statutory Meeting

Annual General Meeting

Extraordinary Meeting

Board Meeting

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11.

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

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12. 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

13. Which of the following IAS deals with the Intangible Assets?

IAS 38

IAS 23

IAS 01

IAS 16

14. 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

- 15.

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

16. All of the following are Fixed assets EXCEPT:

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Machinery
Freehold land
Leasehold land
Marketable securities

17. Which of the following schedule provides disclosure requirements for Listed Companies under Companies Ordinance 1984?

4th schedule
5th schedule
6th schedule
2nd schedule

18. 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

19. 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

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20. Which of the following is NOT the method of stock valuation?

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

21. Which of the following IAS is related to the Consolidated and Separate Financial Statements?

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IAS 27

IAS 28

IAS 31

IAS 32

22. 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

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23. 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

24. What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

25.

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

26. Which of the following is/are the method(s) for calculating the cost of inventory?
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FIFO Method
Weighted Average Method
Specific Identification Method
All of the given options

27. Which of the following is (are) related with the IAS 23?

Qualifying Assets
Amount to be capitalized related to the Borrowing cost
Capitalization period related to the Borrowing cost
All of the given options page 30

28. Partnership firm has a maximum ____ numbers of partners.

20
15
10
02

29. Which of the following sections of the Companies Ordinance 1984 is related to the Annual General Meeting?

Section 157
Section 158
Section 159
Section 160

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30. 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

31. Which one of the following is related to the Allowed Alternative Treatment for an investment in jointly controlled entities? Proportionate Consolidation Method

Equity Method

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Weighted Average Method

Sum of Year Digit Method

32. **IAS-16 deals with:**

Property, Plant and Equipment

Cash Flow Statement

Presentation of Financial Statements

Earning per share

33. **Companies are registered under:**

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

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34.

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

35.

Which of the following IAS deals with the Borrowing Costs?

IAS 23

IAS 07

IAS 01

IAS 16

36. **Which one of the following is the type of stock for trading concerns?**

Raw Material

Work in Process

Finished Goods

Stock in Trade

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37.

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

38. **Which** of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

39.

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

40.

Which of the following IAS deals with the Intangible Assets?

IAS 38

IAS 23

IAS 01

IAS 16

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41. Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

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42.

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

43.

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

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44. Which one of the following IAS is related to the Interest in Joint Venture?

IAS 27

IAS 28

IAS 31

IAS 32

45. 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

46. Which one of the following is(are) recorded under the Equity section of the Balance Sheet?

Share Premium

Reserves

Accumulated Profit

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All of the given options

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47. 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

48.

Which one of the following is NOT recorded under Equity section of the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

49. Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

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50. 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

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51.

Which of the following is the Classification of Current Assets with respect to the Companies Ordinance 1984?

Building

Land

Premises

Marketable Securities

52. Which of the following is NOT the method of stock valuation?

FIFO Method

Weighted Average Method

Specific Identification Method

Straight Line Method

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53.

Which of the following section of the Companies Ordinance 1984 deals with Revaluation of Fixed Assets?

Section 235

Section 236

Section 237

Section 238

54. Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

55. Partnership firms are registered under which of the following?

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Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

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56. Written down value of an asset = -----

Original cost – Accumulated depreciation

Original cost – Appreciation

Book value – Accumulated depreciation

Original cost – Salvage value

57. 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

58. 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

59. Which of the following is a rebate or allowance from the scheduled price granted by the seller to the buyer?

Trade Discount

Cash Discount

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Purchases return

Sales return

60. 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

61. 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

62. Which of the following IAS deals with the Associated Companies?

IAS 27

IAS 28

IAS 01

IAS 07

63. Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

64. 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

65. 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

66. 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

67. 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

68. 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

69. 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

70. 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

71. 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

72. 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

73. 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

74. Which of the following represent(s) the Prime Cost?

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

All of the given options

75. 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

76. 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

77. Which of the following is the deduction or allowance allowed by a creditor to a debtor?

Trade Discount

Cash Discount

Purchases return

Sales return

78. 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

79. Which of the following asset is not an example of Intangible Fixed Assets?

Vehicles

- Good Will
- Copyrights
- Trade Marks and Designs

80. 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

81. Which of the following entities is profit oriented entity?

- NGOs
- Trust
- Societies

Sole - proprietorship

82. 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

83. 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

84. 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

85. 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

86. 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

87. 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

88. Which of the following IAS deals with Inventories?

Select correct option:

IAS 38

IAS 23

IAS 02

IAS 16

89. Which one of the following is NOT the component of cost?

Select correct option:

Import duties

Installation costs

Cost of site preparation

Transportation outwards

90. 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

91. 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

92. 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

93. Which one of the following is a fixed asset?

Select correct option:

Cash in hand

Advanced payment

Closing stock

Leasehold vehicle

94.

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

95. All of the following are Fixed assets EXCEPT:

Select correct option:

Machinery

Freehold land

Leasehold land

Marketable securities

96. Which of the following IAS deals with the Borrowing Costs?

Select correct option:

IAS 23

IAS 07

IAS 01

IAS 16

97. 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
98. 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
99. Which of the following is an identifiable non-monetary asset without physical substance?
Select correct option:
Tangible Asset
Intangible Asset
Floating Asset
Circulating Asset
100. 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**
101. 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
102. 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

103. 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

104. 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

105. 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

106. 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

107. 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

108. Companies are registered under:

Partnership Act 1932

Companies Ordinance 1984

Partnership Agreement

Income Tax Ordinance 1979

109. 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

110. Which of the following is/are the physical asset(s)?

Term Finance Certificates

Loan Agreements

Trade Receivables

All of the given options

111. 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

112. 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

113. Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

114. Which one of the following is NOT recorded under of Equity section the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

115. 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

116. Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

117. 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

118. 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

119. 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

120. Which of the following is the type of business owned by one person? **Sole-**

Proprietorship

Partnership

Public Limited Company

Unlimited Company

121. Which one of the following is the example of non-profit oriented organization:
NGO's

Trusts

Societies

All of the given options

122. Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

123. The amount by which the carrying amount of an asset exceeds its recoverable amount is called as:

Impairment loss

Residual value

Depreciation

Fair value

124. 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 plan

All of the given options

125. Investments made for long term in associated companies, is recorded using _____ method of recognition and shown separately in the balance sheet as longterm assets.

Equity

Cost

Both Cost and Equity
None of the given options

126. 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

127. 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

128. 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

129. 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

130. 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 be registered.

True

False

131. 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

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

132.

True

False

133. 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

134. Generally there are two types of discounts; Trade and Cash.

135. There is no concept of capital in:

Sole proprietorship

NGO's / NPO's

Partnership

Public Limited Company

136. A contractual arrangement whereby, two or more parties undertake, an economic activity which is subject to joint control is called Joint Venture.

137. 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

138. 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

139. _____ **share holders' equity** _____ is the net balance of the total assets of the business less third party's liabilities.

140. _____ **qualifying** _____ is an asset that necessarily takes a substantial period of time to get ready for its intended use.

141. Statutory Meeting is required to be held within:

3 to 6 months

1 to 3 months

6 to 9 months

9 to 12 months

142. Goodwill is most appropriately classified as:

A fixed asset

An intangible asset

A fictitious liability

A semi-fixed asset

143. 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

144. 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.

145. 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

146. 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

147. Directors or shareholders having _____ voting power can call for Extraordinary General Meetings (EOGM).

10%

15%

20%

25%

148. Quality control during commercial production cost Rs. 10,000/- will be charged to: v uzs

Research expenses

Development cost

Profit and Loss account

None of the given options

149. Which one of the following is an example of Conversion Cost?

Labour and factory overheads

Labour and work in process

Work in process and finished goods

Factory overhead and work in progress

150. Which of the followings are among the non-current assets?

Tangible and intangible assets

Operating assets

Financial assets of a along term nature

All of the given options

151. 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

152. 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

153. Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

154. 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

155. In the rare cases of conflict between an IAS and the Framework, the Framework will prevail.

True

False

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

True

False

157. Significant influence is the ability to participate and to control the financial and management affairs of the enterprise.

True

False

158. International Accounting Standards (IAS) are issued by International Accounting Standard Board (IASB).

True

False

159. 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

160. A reduction of share capital can be effected through an ordinary resolution. True

False

161. According to IAS 2 Inventories are assets that are not held for sale in the ordinary course of business.

True

False

162. Which assets are specifically excluded from Financial Assets:

a: Investments

b: Prepaid

Expenses c:

Physical Assets **d:**

Both (b) and (c)

163. 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

164. Contingent liabilities are:

a: 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

b: 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

165. Accounting policy once selected can never be changed.

True

False

166. Minimum Lease Payments are:

- The lease rentals payable by the lessee to the lessor
- The contingent rent payable by lessee
- All the payments that the lessee can be required to pay to the lessor**
- None of the given options.

167. IAS 23, "Borrowing Cost" requires capitalization of borrowing cost as a benchmark treatment.

False

True

168. 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

169. A revaluation loss is charged to profit and loss account in the period in which the revaluation is carried out.

True

False

170. 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

171. Right shares are issued when accumulated profit is being capitalized by the issuance of shares.

1. True

2. False

172. _____ **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.

173. 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

174. 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:appl.hkicpa.org.hk/eb_ook/HKSA_Members_Handbook_Master/volumeII/hkas10.pdf+&hl=en&pid=bl&srcid=ADGEESivnfEpwDZ6thyO4V4jSJWzF4SpcI2cOREL6fTfVxGfKACoLRowJpAmZgmjtxrZOkW6Ca6Cq9p_FxDu1OcV-t0BgDtFUys6YKTV3pgug3xOqqiJXEgOxdfmx5DRXrsUy-XIDWeD&sig=AHIEtbRW7EEkfm6qngBAftJgYMwQIfBtg

175. The information as to profitability is provided by the balance sheet of the entity.

1. True
2. **False**

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

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**

177. 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

178. 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**

179. 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

180. 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

181. 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

182. 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

183. Which one of the following is an example of Financial Asset?

Inventories

Patent rights

Goodwill

Accounts receivable

184. 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

185. 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

186. 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

187. Which of the following is an example of current liability?

Bank Overdraft

Stock

Goodwill

A loan repayable in two years

188. 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

189. 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

190. 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

191. 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

192. 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

193. Which of the following IAS covers the Debentures?

IAS 32 only

IAS 39 only

Both IAS 32 and IAS 39

IAS 17

194. 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

195. 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

196. 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

197. Which of the following is/are related to the IAS-37?

Contingent Assets

Contingent Liabilities

Both Contingent Assets and Contingent Liabilities

Inventory

198. Which of the following is the example of Certain Liabilities?

Creditors against supplies

Accruals against expenses

Provision against expected losses

Provision against expected profits

199. An equity instrument that is subordinate to all other classes of equity instruments is:

Ordinary share

Potential ordinary share

Warrants

Options

200. 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

201. 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

202. 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

203. 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

204. 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

205. 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

206. 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

207. Which of the following is the correct formula to find the Present Value? Where FV = Future Value, r = Interest rate and n = Time period

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

$FV(1 + r)^n$

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

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

208. 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

209. 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.

210. 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

211. 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

212. The goods are written off when:

These are completely damaged

These are stolen

These are destroyed by fire

All of the given options

213. 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

214. 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

215. Which of the following fixed asset is shown at cost rather at book value?

Machinery

Furniture

Vehicles

Land

216. 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

217. 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

218. 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.

219. 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.

Labour and other costs relating to sales

220. 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

221. 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

222. 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

223. 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

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

a) Development cost

b) Development cost & capitalized

c) **Research expenses**

d) None of the given options

225. Which of the following are the examples of research activities?

a) Activities aimed at obtaining new knowledge

b) Search, evaluation, final selection and application of research findings

c) Search for alternatives

d) **All of the given options**

226. There are _____ methods for recognition of investment in associated companies:

- e) One
- f) **Two**
- g) Three
- h) Four

227. _____ is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

- a) **Net realizable value**
- b) Carrying value
- c) Market value
- d) All of the given options

228. Cost of inventories will consist, which of the following costs:

- a) Purchase
- b) Costs of Conversion
- c) Other costs incurred in bringing the inventories to their location and condition
- d) **All of the given options**

229. Cost of the inventory is calculated with which of the following method:

- a) First in First Out (FIFO) & Last in First Out (LIFO)
- b) Specific identification of cost
- c) Weighted Average
- d) **All of the given options**

230. The table shows information relating to end of year stock:

Particulars	Rs.
Cost	100,000/-
Realizable value	90,000/-
Cost of selling	10,000/-
Replacement cost	70,000/-

According to IAS 2, what is the value of stock at the balance sheet date?

- i) Rs. 90,000/-
- j) **Rs. 80,000/-**
- k) Rs. 100,000/-
- l) Rs. 70,000/-

231. Conversion cost includes:

- a) **Labour and factory overheads**
- b) Labour and work in process
- c) Work in process and finished goods
- d) Factory overhead and work in progress

232. The cost of inventories of a service provider consists of which of the following:

- a) Labour
- b) Other costs of personnel directly engaged in providing the service
- c) Labour and other costs relating to sales
- d) **All of the given options**

233. 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

234.

Revenue expenditure is likely to benefit:

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

235. Net investment in the lease is:

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

236. Which item may be included in Balance Sheet at more than historical cost?

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

237. 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

238. 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

239. Example of change in accounting estimates are the followings:

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

240. 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

241. 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
242. 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
243. 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
244. **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.

245. 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.

246. 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.
- Judgement of the individual.
- All of the above.

Ans. Their expected life or repayment term.

In case of assets the major classification of the assets include 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 judgement of the individual do not affect their classification

247. 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.

248. 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.

249. 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

250. _____ 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

251. Which of the following is a tool of measuring financial position of an entity?

- **Balance sheet**
- Income statement
- Cash flow statement
- All of above

252. _____ 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

253. 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.**

254. 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**

255. 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.**
256. Stores and spares are valued at:
- Cost value
 - Market value
 - **Cost or market whichever is less**
 - Cost or market whichever is greater
257. 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
258. 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**
259. 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**
260. Revenue shall be measured at _____ of the consideration received or receivable.
- **Fair value**
 - Cost value
 - Discount value
 - None of the given options

261. Depreciation, maintenance, rent, utilities and management costs of administrative offices are charged to:

- **Administrative cost**
- Distribution Costs
- Finance Costs
- Cost of Goods Sold

262. 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

263. 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

264. 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

265. 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**

266. 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**

267. 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

268. Cost of goods sold includes which of the following:

- Sales and distribution costs
- Depreciation, maintenance, rent and utilities
- **Direct labour cost**
- Advertisement costs

269. 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**

270. Accounting policies should be applied consistently for _____ transactions.

- a) **Similar**
- b) Divergent
- c) Contradictory
- d) Conflicting

271. 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**
272. 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
273. 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
274. 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
275. 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**
276. Imran & Co. changed LIFO method to FIFO method to valuate 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

277. 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**

278. A prior period shall be corrected by:

- a) **Retrospective restatement**
- b) Prospective application
- c) Shall not be corrected
- d) None of the above

279. 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

280. 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

281. 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

282. Preparation and presentation of Financial Statements are governed by:

Companies Ordinance 1984

International Accounting Standards

International Financial Reporting Standards

All of the given options

283. Which one of the following is NOT recorded under of Equity section the Balance Sheet?

Share Premium

Share Capital

Accumulated Profit

Dividend Payable

284. 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

285. Which of the following IAS deals with Inventories?

IAS 38

IAS 23

IAS 02

IAS 16

286. 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

287. 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

288. 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

289. Which of the following is the type of business owned by one person?

Sole-Proprietorship

Partnership

Public Limited Company

Unlimited Company

290. Issuance of shares at discount is the inverse of:

Issuance of Bonus

Issuance at Premium

Right Shares Issue

Further Issue

291. 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

292. Risks and rewards associated with the ownership related to:

Finance Lease

Operating Lease
Hire Purchase Agreement
Installments

293. Minimum lease payment (MLP) includes from lessor point of view:

Total payment

Residual value guaranteed by lessee

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

294. In operating lease, rental expenses should be charged to:

Balance sheet

Profit and loss account

Income of lessee
None of the given options

295. Fair presentation means:

Application of Companies Ordinance, 1984
Income Tax Ordinance, 2001

IAS with additional disclosure

None of the given options

296. 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

297. 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
298. Income statement formats based on classification of:
- Expenses
 - Incomes
 - Revenues
 - All of the given options**
299. Preliminary expenses are an example of:
- Revenue expenditure
 - Deferred revenue expenditure**
 - Capital expenditure
 - None of the given options
300. 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
301. 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
302. Inventories are carried in the books of accounts according to the methods of valuation given in:
- IAS 28
 - IAS 2**
 - IAS 4
 - IAS 29

303. 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

304. 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

305. 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

306. Which assets are specifically excluded from Financial Assets: a: Investments b: Prepaid Expenses c: Physical Assets **d: Both (b) and (c)**

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

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

o You have paid the supplier Rs. 150 which he has not yet accounted for o You have returned goods worth Rs. 150 which the supplier has not yet accounted for 308.

Contingent liabilities are:

o a: 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

o b: liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the supplier o Both (a) and (b) o None of the given options

309. The capital maintenance concept implies that: o The capital of a business should be kept intact by not paying out dividends. o A business should invest its profits in the purchase of capital assets. o Fixed assets should be properly maintained.

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

310. Minimum Lease Payments are:

- The lease rentals payable by the lessee to the lessor
- The contingent rent payable by lessee
- All the payments that the lessee can be required to pay to the lessor**
- None of the given options.

311. Stock is valued using FIFO. Opening stock was 10 units at 2 each. Purchases were 30 units at Rs. 3 each, then issues of 12 units were made, followed by issues of 8 units. Closing stock is valued at:

58

50

70

60

312. Discount allowed on issue of shares is: a: Shown as reduction in share capital. b: Written off as expense **c: Charged to share premium account**

Both (a) and (b)

Both (b) and (c)

313. 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.**

314. 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

315. 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

316. 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

317. 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

318. 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

319. 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

320. 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

321. 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**

322. 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

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

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2. Extra Ordinary Meeting
3. Statutory Meeting

4. None of the given options

324. 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

325. Issuance of shares at discount is the inverse of:

Issuance of Bonus

Issuance at Premium

Right Shares Issue

Further Issue

326. 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

327. Risks and rewards associated with the ownership related to:

Finance Lease

Operating Lease

Hire Purchase Agreement

Installments

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Total payment

Residual value guaranteed by lessee

Party related to him or third party

All of the given options

329. In operating lease, rental expenses should be charged to:

Balance sheet

Profit and loss account

Income of lessee None of
the given options

330. Fair presentation means:

Application of Companies Ordinance, 1984
Income Tax Ordinance, 2001
IAS with additional disclosure
None of the given options

331. 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

332. 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

333. Income statement formats based on classification of:

Expenses

Incomes

Revenues

All of the given options

334. Preliminary expenses are an example of:

- Revenue expenditure
- Deferred revenue expenditure**
- Capital expenditure
- None of the given options

335. 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

336. 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

337. Inventories are carried in the books of accounts according to the methods of valuation given in:

- IAS 28
- IAS 2**
- IAS 4
- IAS 29

338. 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

339. 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

340. Which one of the following is the example of non-profit oriented organization:

NGO's

Trusts

Societies

All of the given options

341. Annual General Meeting (AGM) is required to be held within _____ of incorporation.

06 months

12 months

15 months

18 months

342. The amount by which the carrying amount of an asset exceeds its recoverable amount is called as:

Impairment loss

Residual value

Depreciation

Fair value

343. 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

344. Investments made for long term in associated companies, is recorded using _____ method of recognition and shown separately in the balance sheet as longterm assets. vu Z s

Equity

Cost

Both Cost and Equity

None of the given options

345. 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

346. 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

347. 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

348. 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

349. 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

350. There is no concept of capital in:

Sole proprietorship
NGO's / NPO's
Partnership
Public Limited Company

351. 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

352. 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

353. 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.

354. 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.

Labour and other costs relating to sales

355. Statutory Meeting is required to be held within:

3 to 6 months

1 to 3 months

6 to 9 months

9 to 12 months

356. Goodwill is most appropriately classified as:

A fixed asset **An**

intangible asset

A fictitious liability

A semi-fixed asset

357. 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

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

358. 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.

359. 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.

360. 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

361. 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

362. Directors or shareholders having _____ voting power can call for Extraordinary General Meetings (EOGM).

10%

15%

20%

25%

363. 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

364. Which one of the following is an example of Conversion Cost?

Labour and factory overheads

Labour and work in process

Work in process and finished goods

Factory overhead and work in progress

365. 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

366. 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

367. 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

368. 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

369. Cost of inventories will consist of which of the following costs?

Purchase cost

Costs of conversion

Installation costs

All of the given options

370. A person who acquires shares in a Company is known as a:

Director

Shareholder

Partner

Manager

371. 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

372. Contingent liabilities are written in Balance Sheet as:

- Long Term Deposits
- Current Liabilities
- Long Term Loans

Foot Notes

373. 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

374. Which one of the following is the present obligation of the entity as a result of past even from which future economic benefits are expected to flow to the entity? **Asset**

- Gain
- Liability
- Expense

375. 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

376. 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.

377. 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

378. 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

379. Trade debts secured are to be shown in the balance sheet under the head of:

- Non Current Assets
- Current Liabilities
- Current Assets
- Capital

380. Which of the following is NOT the type of Market Risk?

- Price Risk
- Liquidity Risk
- Interest Rate Risk
- Currency Risk

381. Which one of the following is NOT an example of Financial Instruments?

Inventories

- Loans payable
- Share capital
- Debentures

382. 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

383. 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

384. 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

385. 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. 10,000

Rs. 7,708

$$(23125/0.75) - 23125 = 7708$$

386. Which of the following is NOT the Classification of Current Assets with respect to the Companies Ordinance 1984?

- Stock
- General Stores
- Spare parts

Fixture

387. 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

388. According to the Allowed Alternative Treatment, Which of the following method is used for stock valuation?

- FIFO Method
- Weighted Average Method

LIFO Method

Specific Identification Method

389. 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

390. Which of the following is(are) related with the IAS 23?

- Qualifying Assets
- Amount to be capitalized
- Capitalization period

All of the given options

391. Revaluation of asset is conducted by:

- Directors
- Shareholders
- Managers

Professional Qualified Valuers

392. 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

393. Which of the following asset is recorded in Balance Sheet under the heading of Current Assets?

- Furniture
- Deferred Cost
- Land

Prepayments

394. 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

395. Which of the following IAS deals with the term Significant Influence in associate companies?

IAS 07

IAS 27

IAS 28

IAS 01

396. 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

397. Which of the following types of business can maintain the secrecy in all business matters?

Sole-proprietorship

Partnership

Public Limited Company

Private Limited Company

398. Which of the following types of business has the burden of unlimited liability?

Private Limited Company

Sole-proprietorship

Single Member Company

Public Limited Company

399. 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

~END~
