PAID VU LMS HANDLING by Mam Mehwish 03184148783

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1. Accounting which recognizes an event as the transaction when cash is received or paid is known as:

- A) Cash basis of accounting
- B) Managerial accounting
- C) Cost accounting
- D) Accrual basis of accounting
- **Correct Option:** A) Cash basis of accounting

2. Which of the following is (are) reason(s) of inconsistency?

- A) When an IFRS requires a change in presentation
- B) Significant change in the operations of the entity
- C) All of the given options
- D) All of the given options
- **Correct Option:** C) All of the given options

3. Management may conclude to depart from an IFRS if:

- A) The requirement of such IFRS are considered misleading and conflicting
- B) Is not mandatory to follow
- C) It is due to companies' policies
- D) It is due to companies' policies
- **Correct Option:** C) It is due to companies' policies

4. The statement of financial performance is a:

- A) Statutory financial statement
- B) Secondary statement

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- C) Liquidity statement
- D) Net worth Statement
- **Correct Option:** B) Secondary statement

5. Inventory stock should be included in Balance Sheet at:
- A) Higher of its total cost Or its total net realizable value
- B) Its net Realizable value
- C) Cost
- D) Lower of its total cost Or its total net realizable value
- **Correct Option:** D) Lower of its total cost Or its total net realizable value

6. In cash flow statement, capital investments are presented in the:
- A) Operating activity
- B) Investing activity
- C) Investing activity
- **Correct Option:** B) Investing activity

7. With reference to the IASB framework, Consistency entails:
- A) All of the given options
- B) No new Standards being adopted and introduced
- C) The ability to compare the figures of different periods
- D) The ability to compare the figures of different periods
- **Correct Option:** C) The ability to compare the figures of different periods

8. A set of theoretical principles that assist and guide in financial reporting is known as:
- A) Conceptual framework
- B) Accounting standards
- C) Reporting principles
- D) Regulatory framework

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- **Correct Option:** A) Conceptual framework

9. Which of the following could appear as separate items in the statement of changes in equity required by IAS I Presentation of Financial Statements as part of a company's financial statements?

- A) Loss on sale of investments
- B) Proceeds of an issue of ordinary shares
- C) Prior year adjustments
- D) Gain on revaluation of land
- **Correct Options:** A) Loss on sale of investments, B) Proceeds of an issue of ordinary shares, C) Prior year adjustments, D) Gain on revaluation of land

10. Comparative Statement of Financial Position / Balance Sheet:

- A) Gives details of income and expenses
- B) Provides a summarized view of the operations of the firm
- C) Presents the change in various items of balance sheet
- D) Compares the financial position of the firm with previous reporting period
- **Correct Option:** D) Compares the financial position of the firm with previous reporting period

1. Loans that have to be repaid within one month are treated as:

- A) Short Term Liabilities
- B) Contingent Liabilities
- C) Medium Term Loans
- D) Long Term Liabilities
- **Correct Option: A) Short Term Liabilities**

2. According to the IAS 7, Purchase of marketable securities in a part of:

- A) Cash and cash equivalents
- B) Financing activity
- C) Investing activity

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- D) Operating activity
- **Correct Option: C) Investing activity**

3. The profitability of the business may also increase the:

- A) Shareholder's equity
- B) Financial performance
- C) Liquidity
- D) All of the given options
- **Correct Option: A) Shareholder's equity**

4. Purchase of own share from the market will be shown as:

- A) Operating activity
- B) Financing activity
- C) Financing activity
- D) Investing activity
- **Correct Option: B) Financing activity**

5. All of the following have a positive effect while ascertaining the cash and cash equivalents; EXCEPT:

- A) Securities purchased for 6-months period
- B) Cash received in transit
- C) Cash at bank
- D) Cash in hand
- **Correct Option: A) Securities purchased for 6-months period**

6. The net positive cash flow from financing activity may be because of:

- A) Increase in debt of the business
- B) Redemption of debenture
- C) Decrease in debt of the business
- D) Increase in bonus share issuance

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- **Correct Option: A) Increase in debt of the business**

7. Company ABC limited acquiring an asset against the issuance of stock will have_____ on cash flow statement.

- A) Negative effect on financing activity
- B) Positive effect on investing activity
- C) No effect
- D) Positive effect on financing activity
- **Correct Option: C) No effect**

8. With reference to the IASB framework, Consistency entails:

- A) No new Standards being adopted and introduced
- B) No changes in accounting policies
- C) The ability to compare the figures of different periods
- D) All of the given options
- **Correct Option: C) The ability to compare the figures of different periods**

9. Which of the Following is NOT an objective of the financial statement?

- A) To help the user to take relevant decision
- B) To show operating results of an entity
- C) To Show Cash flows of an entity
- D) To meet the stakeholder's expectations
- **Correct Option: D) To meet the stakeholder's expectations**

10. While calculating the cost of purchase of raw inventory, which of the following should include:

- A) Carriage out
- B) Both Carriage in & Carriage out
- C) Work in process
- D) Carriage in

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- **Correct Option: D) Carriage in**

1. The net positive cash flow from financing activity may be because of:

- A) Increase in bonus share issuance
- B) Decrease in debt of the business
- C) Increase in debt of the business
- D) Redemption of debenture
- **Correct option: C) Increase in debt of the business**

2. Which of the following IAS covers the treatment & recognition of Provision?

- A) IAS 37
- B) IAS 39
- C) IAS 38
- D) IAS 33
- **Correct option: A) IAS 37**

3. Drawings of cash from the business is the element of _____.

- A) Comprehensive Income
- B) Balance Sheet
- C) Income Statement
- D) Debtors Account
- **Correct option: C) Income Statement**

4. Which one of the following is considered as outflow of cash?

- A) Issuance of shares
- B) Payment of dividend
- C) Issuance of debentures
- D) Loan taken from bank
- **Correct option: B) Payment of dividend**

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

- A) Raw Material
- B) Work in Process
- C) Stock in Trade
- D) Finished Goods
- **Correct option: C) Stock in Trade**

6. Which one of the following is a method of stock valuation?

- A) Sum of Year Digit Method
- B) Written Down Value Method
- C) Weighted Average Method
- D) Diminishing Balance Method
- **Correct option: C) Weighted Average Method**

7. The presentation and classification of items in the financial statements should be:

- A) Choice of the user
- B) Consistent from one period to the next
- C) At discretion of company
- D) Different for every period
- **Correct option: B) Consistent from one period to the next**

8. Inventory stock should be included in Balance Sheet at:

- A) Lower of its total cost or its total net realizable value
- B) Cost
- C) Higher of its total cost or its total net realizable value
- D) Its net Realizable value
- **Correct option: A) Lower of its total cost or its total net realizable value**

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9. Non-Current Assets are:

- A) Assets having indefinite life
- B) Assets with more than 12 months life
- C) Assets having life less than 12 months
- D) Liquid assets
- **Correct option: B) Assets with more than 12 months life**

10. Assets are presented in:

- A) Equity Statement
- B) Income Statement
- C) Balance Sheet
- D) Cash flow Statement
- **Correct option: C) Balance Sheet**

1. Which of the following is considered as inflow of cash?

- A) Re-purchase of shares
- B) Issuance of debentures
- C) Redemption of debentures
- D) Payment of dividend
- **Correct Option: B) Issuance of debentures**

2. With reference to cash flow statement, proceeds from issuance of debentures will be shown or classified as:

- A) Cash and cash equivalents
- B) Financing activity
- C) Investing activity
- D) Operating activity
- **Correct Option: B) Financing activity**

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3. While preparing the net cash from operating activities, in which of the following method is Profit or loss adjusted for the effect of impairment loss?

- A) Indirect method
- B) Adjusted method
- C) Direct method
- D) Reconciliation method
- **Correct Option: A) Indirect method**

4. Reduction of accounts receivable by an allowance for doubtful debts, or of fixed assets by the accumulated depreciation, are acts which:

- A) Are the example of offsetting assets and liabilities
- B) Are appropriate for presentation of these assets on a net basis
- C) Are not material
- D) Are the example of aggregation and classification
- **Correct Option: B) Are appropriate for presentation of these assets on a net basis**

5. Which of the following is TRUE with respect to the application of Cash Flow Statement?

- A) Sale of equipment on credit is considered as inflow of cash
- B) Sale of equipment on account is considered as inflow of cash
- C) Sale of equipment for cash is considered as inflow of cash
- D) Sale of equipment for cash is considered as outflow of cash
- **Correct Option: C) Sale of equipment for cash is considered as inflow of cash**

6. Inventories are assets which:

- A) Used in the supply or production of goods and services for administrative purposes
- B) Recorded at sale value in the books of accounts
- C) Held for the process of production for such sale
- D) Held for long-term capital appreciation
- **Correct Option: C) Held for the process of production for such sale**

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7. Which of the following is a component of current liabilities?

- A) Provision for Taxation
- B) Debentures and Term Finance Certificates
- C) Assets subject to finance lease
- D) Deferred liabilities
- **Correct Option: A) Provision for Taxation**

8. A company sold Rs. 400,000 of merchandise for cash and Rs. 120,000 of merchandise to credit customers who will pay for the merchandise in a later time period. How much revenue should be reported on the income statement of the current time period?

- A) Rs. 520,000
- B) Rs. 400,000
- C) Rs. 120,000
- D) Rs. 280,000
- **Correct Option: B) Rs. 400,000**

9. Which one of the following is a method of stock valuation?

- A) Weighted Average Method
- B) Diminishing Balance Method
- C) Written Down Value Method
- D) Sum of Year Digit Method
- **Correct Option: A) Weighted Average Method**

10. A liability that represents the accumulated difference between the income tax expenses reported on the firm's books and the income tax actually paid is known as:

- A) Deferred tax
- B) Taxes payable
- C) Value-added tax
- D) Capital gain tax

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- **Correct Option: A) Deferred tax**

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