Question 1

Not yet answered

Marked out of 1.00

Flag question

@DagiiiAfro

The repayment of bond principal should be reported in the fund statements of a debt service fund as

- a. An "other financing use"
- b. An expenditure
- c. A reduction of bonds payable
- d. A direct charge to fund balance

CamScanner

Question 2

Not yet answered

Marked out of 1.00

Flag question

Substantive procedures to examine the cut-off assertion for accounts payable include

- a. Re-computing the mathematical accuracy of a sample of vendor invoices
- b. Selecting a sample of receiving reports around year-end and comparing dates on related vouchers to dates in the purchases journal
- c. Selecting a sample of vouchers and agreeing them to authorized purchase orders
- d. Selecting a sample of vouchers and agreeing them to the purchases journal

CamScanner

Question 3

Not yet answered

Marked out of 1.00

Flag question

Which of the following is FALSE?

- a. Organizations use audited financial statement to reduce information risk
- b. Internal auditors independence is maintained by organizational structure
- c. The value of assurance depends on the independence of the assurance provider
- d. Audit is classified as internal & external based on the type of information audited

CamScanner

Which of the following is correct about activity based costing?

- a. It tends to allocate too great a proportion of overheads to high volume products
- b. It assume that all products consume all resources in proportion to their production volumes
- c. It allocates equal amount of overheads to all products
- d. Assign costs to a product on the basis of the product's consumption of the activities

CamScanner

Question 5

Not yet answered

Marked out of 1.00

Flag question

Which of the following statements is correct?

- a. We should use historical measures of the component costs from prior financings that are still outstanding when estimating a company's WACC for capital budgeting purposes.
- b. The cost of new equity (Re) could possibly be lower than the cost of retained earnings (Rs) if the market-risk premium, risk-free rate, and the company's beta all decline by a sufficiently large amount.
- c. In the WACC calculation, we must adjust the cost of preferred stock for tax.
- d. A firm's cost of retained earnings is the rate of return stockholders require on a firm's common stock.

CamScanner

Question 6

Not yet answered

Marked out of 1.00

Flag question

The "excess of the acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities, and contingent liabilities over cost" (formerly known as negative goodwill) should be:

- a. Carried as a capital reserve indefinitely.
- b. Recognized in retained earnings.
- c. Recognized immediately in profit or loss.
- d. Amortized over the life of the assets acquired.

CamScanner

Question 7

Not yet answered

Marked out of 1.00

Flag question

Last year a small-firm had sales of Birr 205,000, assets of Birr 127,500, a profit margin of 5.3%, and an equity multiplier of 1.2. The finance manager believes that the company could reduce its assets by Birr 21,000 without affecting its profit margin. Had it reduced its assets in this amount, and had the debt ratio, sales, and profit margin remained constant, by how much would the ROE have changed?

- a. 2.44%
- b. 1.81%
- c. 2.02%
- d. 2.22%

CamScanner

Question 8

Not yet answered

Marked out of 1.00

Flag question

Which of the following is not among the responsibilities of an auditor?

- a. Performing an audit with an attitude of professional skepticism
- b. Maintaining adequate internal control system
- c. Detecting direct-effect illegal acts
- d. Detecting material misstatements in the financial statement

CamScanner

Question 9

Not yet answered

Marked out of 1.00

Flag question

Which of the following is not one of the five classes of transactions included in the sales and collection cycle?

- a. Write-off of uncollectible accounts
- b. Interest income
- c. Bad debt expense
- d. Sales returns and allowances

CamScanner

Question 10

Not yet answered

Marked out of 1.00

Flag question

At the beginning of the year, a company purchases a patent for Birr 2,400,000. The remaining legal life of the patent is 12 years, but management estimates that the patent will generate additional revenue for the next 16 years because there are currently no known competitors. At the end of the first year, management calculates straight-line amortization to be Birr 150,000. Which of the following statements is correct?

- a. Management should not amortize the asset until its useful life becomes more evident.
- b. Management's calculation is correct.
- c. Management should amortize the asset over 20 years.
- d. Management should amortize the asset over 12 years.

CamScanner

Question 11

Not yet answered

Marked out of 1.00

Flag question

On March 31, Bora Company has the following information about cash at bank:

- Cash balance per bank statement Birr 10,500
- Credit memo Birr 4,000
- Bank debit memo Birr 300.
- Outstanding checks Birr 1,500
- Deposits in transit Birr 1,200

Based on the above information, what is the amount of the adjusted cash balance per bank statement at March 31?

- a. Birr 10,800
- b. Birr 14,500
- c. Birr 10,200
- d. Birr 11,700

CamScanner

Question 12

Not yet answered

Marked out of 1.00

Flag question

Which of the following statements is true for both governmental organizations and for-profit organizations?

- a. Resources are provided by individuals and entities that may not directly benefit from the use of the resources.
- b. Revenue may be earned through exchange transactions.
- c. Absence of owners.
- d. Lack of a profit motive.

CamScanner

Question 13

Not yet answered

Marked out of 1.00

Flag question

Your firm is considering investing in one of two mutually exclusive projects. Project A requires an initial outlay of Birr 3,500 with expected future cash flows of Birr 2,000 per year for the next three years. Project B requires an initial outlay of Birr 2,500 with expected future cash flows of Birr 1,500 per year for the next two years. The appropriate discount rate for your firm is 12% and it is not subject to capital rationing. Assuming both projects can be replaced with a similar investment at the end of their respective lives, compute the NPV of the two chain cycle for Project A and three chain cycle for Project B.

- a. Birr 5,000 and Birr 1,500
- b. Birr 2,232 and Birr 85
- c. Birr 3,528 and Birr136
- d. Birr2,865 and Birr 94

CamScanner

Question 14

Not yet answered

Marked out of 1.00

Flag question

Assume that the sales revenue of ABC Share Company is Birr 10,000,000 during Tax Year ended Sene 30, 2014. Cost of goods sold was Birr 4,000,000 (determined on the basis of the average cost method) and expenses were Birr 1,000,000. The operating expenses comprises of salary expense of Birr 270,000, store rent expense of Birr 100,000, a 5% depreciation expense on a not fully depreciated Building with a cost of Birr 4,000,000, a penalty of Birr 40,000, an interest expense of Birr 190,000 on Birr 1,000,000 principal amount of loan where the interest rate between National Bank of Ethiopia and Commercial Banks was 10%, and a donation of Birr 200,000 to help its sister Company recover from the fire damage on its working infrastructures. What is the amount of business tax liability of the Share Company?

- a. Birr 1,533,000
- b. Birr 1,629,000
- c. Birr 1,593,000
- d. Birr 1,500,000

CamScanner

Question 15

Not yet answered

Marked out of 1.00

Flag question

Which of the following actions would be likely to shorten the cash conversion cycle?

- a. Begin to take discounts on inventory purchases; we buy on terms of 2/10 net 30.
- b. Adopt a new manufacturing process that saves some labor costs but slows down the conversion of raw materials to finished goods from 10 days to 20 days.
- c. Adopt a new manufacturing process that speeds up the conversion of raw materials to finished goods from 20 days to 10 days.
- d. Change the credit terms offered to customers from 3/10 net 30 to 1/10 net 50.

CamScanner

Question 16

Not yet answered

Marked out of 1.00

Flag question

All of the following are advantages of indirect tax over direct tax except:

a. Tax evasion is relatively difficult in the case of indirect tax as taxes are included in the prices of commodities.

b. Indirect tax has wider scope than direct tax.

c. In the case of indirect tax, the tax burden is distributed on different sections of the society in a just and equitable manner.

d. Indirect taxes are more convenient to the taxpayers than direct tax.

CamScanner

Question 17

Not yet answered

Marked out of 1.00

Flag question

Assume that two parties structure a joint arrangement in an incorporated entity (entity C) in which each party has a 50 per cent ownership interest. The purpose of the arrangement is to manufacture materials required by the parties for their own, individual manufacturing processes. The arrangement ensures that the parties operate the facility that produces the materials to the quantity and quality specifications of the parties. Assessment of the relevant facts and circumstances indicate that the arrangement is a:

- a. Joint venture.
- b. Joint structure.
- c. Joint vehicle.
- d. Joint operation.

CamScanner

Question 18

Not yet answered

Marked out of 1.00

Flag question

Slick Co. had a Swiss franc receivable resulting from exports to Switzerland and a Mexican peso payable resulting from imports from Mexico. Slick recorded foreign exchange gains related to both its franc receivable and peso payable. How did the foreign currencies increase or decrease in Birr value from the date of the transaction to the settlement date?

- a. Decrease Franc, Increase Peso
- b. Decrease Franc, Decrease Peso
- c. Increase Franc, Decrease Peso
- d. Increase Franc, Increase Peso

CamScanner

Question 19

Not yet answered

Marked out of 1.00

Flag question

Which of the following is not a legal requirement on Category 'B' tax payers:

- a. Submit the Tax Declaration Form to the tax authority within 2 months from the end of the tax year.
- b. Submit Balance sheet and a profit & loss statement
- c. Maintain accounting records
- d. Use registered vouchers

CamScanner

Question 20

Not yet answered

Marked out of 1.00

Flag question

Which of the following method can help the auditor to reduce non-sampling risk?

- a. Using a representative sample
- b. Increasing sample size
- c. Reducing supervision
- d. Careful design of audit procedure

CamScanner

Question 21

Not yet answered

Marked out of 1.00

Flag question

Elizabeth, a public limited company, has granted 100 share appreciation rights to each of its 1,000 employees in January 20X4. The management feels that as of December 31, 20X4, 90% of the awards will vest on December 31, 20X6. The fair value of each share appreciation right on December 31, 20X4, is Birr10. What is the fair value of the liability to be recorded in the financial statements for the year ended December 31, 20X4?

- a. Birr 100,000
- b. Birr 10 million
- c. Birr 90,000
- d. Birr 300,000

CamScanner

Question 22

Not yet answered

Marked out of 1.00

Flag question

Typically, borrowers have superior information relative to lenders about the potential returns and risks associated with an investment project. The difference in information is called:

- a. Risk sharing.
- b. Moral selection.
- c. Adverse hazard.
- d. Asymmetric information.

CamScanner

Question 23

Not yet answered

Marked out of 1.00

Flag question

Lower-of-cost-or-net realizable value as it applies to inventory is best described as:

- a. The change in inventory value to net realizable value.
- b. The reporting of a loss when there is a decrease in the future utility below the original cost.
- c. The assumption to determine inventory flow.
- d. The method of determining cost of goods sold.

CamScanner

Question 24

Not yet answered

Marked out of 1.00

Flag question

The function of buying securities from a corporation at a predetermined price and then reselling them in the market by an investment bank is called:

- a. Distributing.
- b. Underwriting.
- c. Advising.
- d. Undertaking.

CamScanner

Question 25

Not yet answered

Marked out of 1.00

Flag question

Time left 1:23:14

Rice Industries owns a manufacturing plant in a foreign country. Political unrest in the country indicates that Rice should investigate for possible impairment. Below is information related to the plant's assets (Birr in millions):

- Book value Birr 190
- Undiscounted sum of future estimated cash flows 210
- Present value of future cash flows 175
- Fair value less cost to sell (determined by appraisal) 180

The amount of impairment loss that Rice should recognize is:

- a. Birr 15 million
- b. Birr 10 million
- c. There is no impairment.
- d. Birr 20 million

CamScanner

Question 26

Not yet answered

Marked out of 1.00

Flag question

The contribution margin ratio always increases when the:

- a. Variable expenses as a percentage of net sales decrease.
- b. Break-even point decreases.
- c. Variable expenses as a percentage of net sales increase.
- d. Break-even point increases.

CamScanner

The following cost information is taken from Chereka textile firm:

- Cost of Cotton used in production during the period..... 600,000
- Factory supervisors salary..... 100,000
- Cost incurred for factory labour converting cotton in to tape..... 300,000
- Factory overhead cost other than indirect labour.....80,000

Based on the above information, what is the amount of prime cost?

- a. Birr 600,000
- b. Birr 900,000
- c. Birr 480,000
- d. Birr 400,000

CamScanner

Question 28

Not yet answered

Marked out of 1.00

Flag question

For which of the following funds, would a government be least likely to record its annual budget and thereby integrate it into its accounting system?

- a. Enterprise fund
- b. General fund
- c. Special revenue fund
- d. Capital project fund

CamScanner

Question 29

Not yet answered

Marked out of 1.00

Flag question

X has control over the composition of Y's board of directors. X owns 49% of Y and is the largest shareholder. X has an agreement with Z, which owns 10% of Y, whereby Z will always vote in the same way as X. Can X exercise control over Y?

- a. X can exercise control because it controls more than 50% of the voting power, and it can govern the financial and operating policies of Y.
- b. X cannot exercise control because it owns only 49% of the voting rights.
- c. X cannot exercise control because it can control only the makeup of the board and not necessarily the way the directors' vote.
- d. X can exercise control solely because it has an agreement with Z for the voting rights to be used in whatever manner X wishes.

CamScanner

Question 30

Not yet answered

Marked out of 1.00

Flag question

Time left 1:22:01

ABC Company is considering replacing a machine. The following data are available:

	Old Machine	Replacement Machine
Original cost	Birr 45,000	Birr 35,000
Useful life in years	10	5
Current age in years	5	0
Book value	Birr 25,000	-
Disposal value now	Birr 8,000	-
Disposal value in 5 years	0	0
Annual cash operating costs	Birr 7,000	Birr 4,000

The difference between keeping the old machine and replacing the old machine is:

- a. Birr 37,000 in favour of keeping the old machine
- b. Birr 37,000 in favour of replacing the old machine
- c. Birr 12,000 in favour of keeping the old machine
- d. Birr 12,000 in favour of replacing the old machine

CamScanner

Question 31

Not yet answered

Marked out of 1.00

Flag question

The auditor tests entitys policy of obtaining credit approval before shipping goods to customers to support which of the following management assertions?

- a. Completeness
- b. Valuation or allocation
- c. Existence or occurrence
- d. Rights and obligations

CamScanner

Which of the following is commonly traded in the money market

- a. Treasury bill
- b. Preferred shares
- c. Treasury note
- d. Government bond

CamScanner

Question 33

Not yet answered

Marked out of 1.00

Flag question

Which one of the following is not an insurance risk?

- a. A possible change in a non-financial variable that is not specific to a party to the contract.
- b. Loss of property due to damage or theft.
- c. Failure of a debtor to make a payment when it is due.
- d. A possible change in a non-financial variable that is specific to a party to the contract.

CamScanner

Question 34

Not yet answered

Marked out of 1.00

Flag question

A business has acquired a special purpose machine at a cost of Birr 100,000. After it is purchased it is known that it was unwise to buy this item. No amount of regret can relieve the firm from this decision and there is no any future decision that can avoid this cost. What is the appropriate classification for this cost?

- a. Sunk cost
- b. Uncontrollable cost
- c. Management cost
- d. Period cost

CamScanner

Question 35

Not yet answered

Marked out of 1.00

Flag question

Which of the following principle may reduce or entirely eliminate auditor liability to a client?

a. Client constructive negligence

b. Client contributory negligence

c. Auditor ordinary negligence

d. Auditor gross negligence

CamScanner

Question 36

Not yet answered

Marked out of 1.00

Flag question

Which of the following transactions involving the issuance of shares does not come within the definition of a share-based payment?

- a. Share appreciation rights.
- b. Share-based payment relating to an acquisition of a subsidiary.
- c. Employee share purchase plans.
- d. Employee share option plans.

CamScanner

Question 37

Not yet answered

Marked out of 1.00

Flag question

Which of the following statement is correct?

- a. General journals are designed to record a single kind of transaction that occurs frequently.
- b. When sales journal is used, daily posting is made to control account and monthly posting of total is made to subsidiary ledger
- c. Companies create subsidiary ledgers whenever they need to monitor the individual components of a controlling general ledger account.
- d. The combined balance of every account in credit customer's subsidiary ledger equals the balance of accounts Payable in the general ledger.

CamScanner

Question 38

Not yet answered

Marked out of 1.00

Flag question

A Company is planning its operations for the coming year, and the CEO wants you to forecast the firm's additional funds needed (AFN). The firm is operating at full capacity. Data for use in the forecast are shown below. However, the CEO is concerned about the impact of a change in the pay-out ratio from the 10% that was used in the past to 50%, which the firm's investment bankers have recommended. Based on the AFN equation, by how much would the AFN for the coming year change if the Company increased the pay-out from 10% to the new and higher level? All Birrs are in millions.

Last year's sales (S_0) Birr 300.0	Last year's accounts payable Birr 50.0
Sales growth rate (g) 40%	Last year's notes payable Birr 15.0
Last year's total assets (A_0*) Birr 500.0	Last year's accruals Birr 20.0
Last year's profit margin (PM) 20.0%	Initial pay-out ratio 10.0%

- a. Birr 31.9
- b. Birr 33.6
- c. Birr 35.3
- d. Birr 37.0

CamScanner

Question 39

Not yet answered

Marked out of 1.00

Flag question

At the end of the year, after adjusting and closing entries, the Overvaluation of Branch Inventory account on the home office books will contain:

- a. The markup on the branch's ending inventory less the markup on the branch's beginning inventory.
- b. The markup on the branch's ending inventory.
- c. The unrealized profit on branch sales for the year.
- d. The markup on the branch's beginning inventory plus the markup on this year's shipments to the branch.

CamScanner

Question 40

Not yet answered

Marked out of 1.00

Flag question

Which of the following may be used by managers to discourage unnecessary use of service of a support department by user departments?

- a. Allocate support department costs based upon user department usage
- b. Prohibiting user departments from using service of support departments
- c. Not allocate any support department costs to user departments
- d. Allocate a fixed amount of support department costs to each department regardless of use

CamScanner

Question 41

Not yet answered

Marked out of 1.00

Flag question

Hubo Company manufactures card tables. The company has a policy of maintaining a finished goods inventory equal to 40% of the next month's planned sales. Each card table requires 3 hours of labor. The budgeted labor rate for the coming year is Birr 13 per hour. Planned sales for the months of April, May, and June are respectively 4,000; 5,000; and 3,000 units. The budgeted direct labor cost for June for Hubo Company is Birr 136,500. What are budgeted sales for July for Hubo Company?

- a. 3,500 units
- b. 4,250 units
- c. 4,000 units
- d. 3,750 units

CamScanner

Question 42

Not yet answered

Marked out of 1.00

Flag question

If one is able to fully diversify, what is the appropriate measure of risk to use?

- a. Standard Deviation
- b. Risk-free Rate of Return
- c. Expected Return
- d. Beta

CamScanner

In 2021, Cupid Construction Co. (CCC) began work on a two-year fixed price contract project. CCC recognizes revenue over time according to percentage of completion for this contract, and provides the following information (birr in millions):

Accounts receivable, 12/31/2021 (from construction progress billings) Birr 75

Actual construction costs incurred in 2021 Birr 270

Cash collected on project during 2021 Birr 210

Construction in progress, 12/31/2021
Birr 414

Estimated percentage of completion during 2021 60%

How much cash remains to be collected by CCC on the project?

- ○ a. Birr 140 million.
- ○ b. Birr 405 million.
- ○ c. Birr 480 million.
- ○ d. Cannot be determined from the given information.

CamScanner

Question 44

Not yet answered

Marked out of 1.00

Flag question

Which of the following is least likely to cause uncertainty about the ability of an entity to continue as a going concern?

- a. The entity has working capital deficiencies
- b. The entity has significant recurring operating losses
- c. The entity has lost a major customer
- d. The entity has a court case with competitor for a minor patent infringement

CamScanner

Question 45

Not yet answered

Marked out of 1.00

Flag question

Assuming that the ideal measure of short-term receivables in the statement of financial position is the discounted value of the cash to be received in the future, failure to follow this practice usually does not make the statement of financial position misleading because:

- a. Most short-term receivables are not interest-bearing.
- b. The amount of the discount is not material.
- c. Most receivables can be sold to a bank or factor.
- d. The allowance for uncollectible accounts includes a discount element.

CamScanner

Question 46

Not yet answered

Marked out of 1.00

Flag question

The variance that is BEST for measuring operating performance is the:

- a. sales-volume variance
- b. selling-price variance
- c. static-budget variance
- d. flexible-budget variance

CamScanner

Question 47

Not yet answered

Marked out of 1.00

Flag question

Which of the following is correct?

- a. As compared to other form of businesses it is difficult to raise funds in share companies.
- b. Dividend payable is recorded on the date of declaration of dividend.
- c. Shareholders' equity account is credited by authorized shares multiplied by par value.
- d. Declaration of all types of dividend reduces cash balance.

CamScanner

Question 48

Not yet answered

Marked out of 1.00

Flag question

The auditor wants to examine whether shipping documents are properly billed. He selected 100 shipping documents from a population of 1,000 shipping documents and performed examination. 5 unbilled shipping documents were found. If the tolerable deviation rate is 4%, which one of the following is FALSE?

a. The auditor needs to test alternative controls to achieve the objective

b. The auditor needs to extend substantive procedures

c. The auditor needs to extend sample size

d. The auditor needs to modify audit opinion

CamScanner

Question 49

Not yet answered

Marked out of 1.00

Flag question

Relevant costs of a make-or-buy decision include all of the following EXCEPT:

- a. Current direct material costs of the part.
- b. Material-handling costs that can be eliminated.
- c. Special machinery for the part that has no resale value.
- d. Fixed salaries that will not be incurred if the part is outsourced.

CamScanner

Question 50

Not yet answered

Marked out of 1.00

Flag question

The City of Turkana arranged for a 10-year, Birr 40 million loan to finance construction of a toll bridge. If the toll bridge is accounted for as an Enterprise Fund activity and a certain portion of the tolls collected is required to be set aside for maintaining the bridge, these resources should be accounted for in _____.

- a. the General Fund
- b. the Toll Bridge Enterprise Fund
- c. a Capital Projects Fund
- d. a Debt Service Fund

CamScanner

Question 51

Not yet answered

Marked out of 1.00

Flag question

On January 1, 2022, Star Ethiopian coffee exporter, shipped $120,000 worth of inventory to its main U.S. distributor, with full payment of these goods due by February 28, 2022. Star has a January 31 year end. A list of significant dates and exchange rates is shown below. Transaction Date: January 1, 2022 US $1 = Birr 59.332Year-End Date: January 31, 2022 US $1 = Birr 59.384Settlement Date: February 28, 2022 US $1 = Birr 59.540The invoice price billed by Star was US $120,000. What is the amount of Star's foreign exchange gain or loss at year-end?

- a. Nil; foreign exchange gains or losses are deferred to settlement
- b. Birr 6,240 loss
- c. Birr 6,240 gain
- d. Birr 24,960 gain

CamScanner

Question 52

Not yet answered

Marked out of 1.00

Flag question

Which of the measurement bases identified in the Conceptual Framework of IPSASB for liabilities will often be the relevant measurement basis for liabilities?

- a. Cost of fulfillment
- b. Assumption price
- c. Cost of release
- d. Historical cost

CamScanner

Question 53

Not yet answered

Marked out of 1.00

Flag question

Creditors and investors would generally find the statement of cash flows least useful for assessing the:

a. Ability to generate future cash flows.

b. Financial position at a point in time.

c. Quality of earnings.

d. Ability to pay dividends.

CamScanner

Question 54

Not yet answered

Marked out of 1.00

Flag question

Before 3 years, HH Company issued 10,000, Birr 100 par value ordinary shares at Birr 120 per share. The following transactions occurred during the current year:

- October 1: Purchased 2,000 shares for the treasury at Birr 90 per share.
- December 5: Sold 1,000 treasury shares at Birr 95 per share.
- December 31: Dividend of Birr 45,000 is declared.

Based on the above information, which of the following is correct?

a. Dividend per share is Birr 5

b. Dividend per share is Birr 4.5

c. Treasury stock account is credited for Birr 120,000

d. Cash is debited by Birr 120,000.

CamScanner

Question 55

Not yet answered

Marked out of 1.00

Flag question

Refer to the following lease amortization schedule. The five payments are made annually starting with the beginning of the lease. A Birr2,000 purchase option is reasonably certain to be exercised at the end of the five-year lease. The asset has an expected economic life of eight years.

Lease Payment	Cash Payment (in birr)	Effective Interest (in birr)	Decrease in Balance (in birr)	Outstanding Balance (in birr)
				34,600
1	8,000	??	??	26,600
2	8,000	2,660	5,340	21,260
3	8,000	2,126	5,874	15,386
4	8,000	1,539	6,461	8,925
5	8,000	??	??	??
6	2,000	182	1,818	0

What would be the amount of interest expense recorded with payment 5?

- a. Birr 2,000.
- b. Birr 7,107.
- c. Birr 893
- d. Birr 1,107.

CamScanner

Question 56

Not yet answered

Marked out of 1.00

Flag question

On January 1, 2022, Bright light Hotel purchased a walking machine for Birr 30,000. The machine has estimated useful life of five years and has a residual value of Birr 5,000. The company uses double declining balance method. What will be the amount of depreciation expense for the year ending December 31, 2022?

- a. Birr 10,000
- b. Birr 5,000
- c. Birr 25,000
- d. Birr 12,000

CamScanner

Question 57

Not yet answered

Marked out of 1.00

Flag question

On November 30, year 1, Star, Inc. purchased for cash at Birr 15 per share all 250,000 shares of the outstanding common stock of Green Co. At November 30, year 1, Green's statement of financial position showed a carrying amount of net assets of Birr 3,000,000. At that date, the fair value of Green's property, plant and equipment exceeded its carrying amount by Birr 400,000. In its November 30, year 1 consolidated statement of financial position, what amount should Star report as goodwill?

- a. Birr 0
- b. Birr 750,000
- c. Birr 350,000
- d. Birr 400,000

CamScanner

Question 58

Not yet answered

Marked out of 1.00

Flag question

Which one of the following is most apt to align management's priorities with shareholders' interests?

- a. Compensating managers with company shares that must be held for a minimum of three years
- b. Holding corporate and shareholder meetings at high-end resort-type locations preferred by managers
- c. Paying a special management bonus on every fifth year of employment
- d. Increasing the number of paid holidays that long-term employees are entitled to receive

CamScanner

Question 59

Not yet answered

Marked out of 1.00

Flag question

Which of the following is not a revenue source for the Regional Governments of Ethiopia

- a. Taxes collected on income from air, train and marine transport activities.
- b. Profit and sales tax collected from individual traders.
- c. Rural land use fee.
- d. Tax on income from inland water transportation.

CamScanner

Question 60

Not yet answered

Marked out of 1.00

Flag question

Central City was awarded two state grants during its fiscal year ending September 30, 2020: a Birr 2 million block grant that can be used to cover any operating expenses incurred during fiscal 2021, and a Birr 1 million grant that can be used any time to acquire equipment for its police department. For the year ending September 30, 2020, Central City should recognize in grant revenue in its fund financial statements (in millions):

- a. Birr 3 million
- b. Birr 0
- c. Birr 1 million
- d. Birr 2 million

CamScanner

Question 61

Not yet answered

Marked out of 1.00

Flag question

A products standard cost card specifies that a unit of the product requires 4 direct labor-hours. During September, 3,350 units were made, which was 150 units less than budgeted. The total budgeted direct labor cost for September was Birr 117,600. The direct labor cost incurred during September was Birr 111,850 and 13,450 direct labor-hours were worked. The direct labor efficiency variance for the month was:

- a. Birr 420.00 Favourable
- b. Birr 415.80 Unfavourable
- c. Birr 415.80 Favourable
- d. Birr 420.00 Unfavourable

CamScanner

Question 62

Not yet answered

Marked out of 1.00

Flag question

You own two annuities that will each pay Birr 500 a month for the next 12 years. One payment is received at the beginning of each month while the other is received at the end of each month. At a discount rate of 7.25%, compounded monthly, what is the difference in the present values of these annuities?

- a. Birr 299.01
- b. Birr 308.00
- c. Birr 289.98
- d. Birr 265.42

CamScanner

Question 63

Not yet answered

Marked out of 1.00

Flag question

Which of the following is FALSE about public debt

- a. It is one source of financing budget deficit.
- b. It can only be used to promote economic development not to finance wars.
- c. Public debt may be raised to meet the normal current expenditure, exigencies like war, finance productive government enterprise, finance public social welfare and economic development.
- d. Public debt raised for productive purpose will not be a burden on the economy.

CamScanner

Question 64

Not yet answered

Marked out of 1.00

Flag question

Abebu is an employee in one of the factory owned by the government in Ethiopia. Her monthly salary is Birr 2,600. She has a taxable allowance of Birr 300 and a non-taxable allowance of Birr 200. She earned an overtime of Birr 100. What is the amount of tax deducted from Abebu's earning?

- a. Birr 277.50
- b. Birr 247.50
- c. Birr 307.50
- d. Birr 300

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Question 64

Not yet answered

Marked out of 1.00

Flag question

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- b. Birr 247.50
- c. Birr 307.50
- d. Birr 300

CamScanner

Question 65

Not yet answered

Marked out of 1.00

Flag question

M&M Proposition I with taxes is based on the concept that:

- a. The optimal capital structure is the one that is totally financed with equity.
- b. The value of the firm increases as total debt increases because of the interest tax shield.
- c. The weighted average cost of capital increases as the debt-equity ratio of a firm increases.
- d. The capital structure of the firm does not matter because investors can use homemade leverage.

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Question 65

Not yet answered

Marked out of 1.00

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Question 66

Not yet answered

Marked out of 1.00

Flag question

Which one of the following is FALSE about perpetual inventory system?

- a. Inventory records continuously show balances that should be on hand.
- b. Average costs are computed as a simple average of unit costs incurred.
- c. Cost of goods sold is determined after each sale.
- d. FIFO cost of goods sold will be the same as in a periodic inventory system.

CamScanner

Question 67

Not yet answered

Marked out of 1.00

Flag question

Which of the following is a characteristic of a joint venture?

- a. The initial carrying value reported must equal the book value of resources contributed.
- b. Debt incurred by the venture is reported on the venturers' statement of financial position.
- c. The partners can be individuals, but cannot be businesses.
- d. The partners all jointly share in managing and controlling the venture.

CamScanner

Question 68

Not yet answered

Marked out of 1.00

Flag question

Hope Bank purchased a special Copier machine. The machine, costs Birr 340,000, and was estimated to have a useful life of 10 years. The estimated residual value is Birr 40,000. After two years of service it became evident that the copier machine's total useful life is 7 years instead of 10 years. Depreciation was recorded for two years based on straight line method. There is no change on estimated residual value. Based on this information, what is the new annual depreciation charge on the basis of the revised estimated useful life?

- a. Birr 42,500
- b. Birr 56,000
- c. Birr 30,000
- d. Birr 52,000

CamScanner

Question 69

Not yet answered

Marked out of 1.00

Flag question

Accounts and notes receivable are reported in the current assets section of the statement of financial position at:

- a. Invoice cost
- b. Lower-of-cost-or-net realizable value
- c. Net realizable value
- d. Net book value

CamScanner

Question 70

Not yet answered

Marked out of 1.00

Flag question

The basic principle used to value an asset acquired in a nonmonetary exchange is to value it at:

- a. Book value of the asset given.
- b. Fair value or book value, whichever is smaller.
- c. The book value of the asset given plus any cash or other monetary consideration received.
- d. Fair value of the asset(s) given up.

CamScanner

Question 71

Not yet answered

Marked out of 1.00

Flag question

Which of the following procedures is not performed as a part of planning an audit engagement?

- a. Reviewing the working papers of the prior year
- b. Performing analytical procedures
- c. Designing an audit program
- d. Confirmation of all major accounts

CamScanner

Sharp Company uses specific identification method to value its inventory. It purchases Communication Radio on different dates at different costs as follows:

- January 5: 2units at a cost of Birr 2,000
- February 8: 3 units at a cost of Birr 3,000
- June 10: 5 units at a cost of Birr 4,000

On June 25, 6 units are sold at Birr 5,000 each. From the items sold, 3 units are from February 8's purchase and 3 units are from June 10th purchase. The amount of cost of goods sold and ending inventory as of June 30 are _____ and _____ respectively:

- ○ a. Birr 30,000 and Birr 20,000
- ○ b. Birr 21,000 and Birr 12,000
- ○ c. Birr 12,000 and Birr 21,000
- ○ d. Birr 17,000 and Birr 16,000

CamScanner

Question 73

Not yet answered

Marked out of 1.00

Flag question

According to the acquisition method of accounting for business combinations, costs paid to attorneys and accountants for services in arranging a merger should be:

a. Capitalized as part of the overall fair value acquired in the merger.

b. Written off over a 5-year maximum useful life.

c. Recorded as an expense in the period the merger takes place.

d. Included in recognized goodwill.

CamScanner

Question 74

Not yet answered

Marked out of 1.00

Flag question

Parent Inc. and Sub Inc. had the following balance sheets on July 31, 2022:

	Parent Inc.	Sub Inc.	Sub Ir
	(carrying value in Birr)	(carrying value in Birr)	(fair val in Bi
Cash	180,000	36,000	36,0
Accounts Receivable	100,000	40,000	40,0
Inventory	60,000	24,000	27,0
Plant and Equipment (net)	200,000	80,000	93,0
Goodwill	-	8,000	
Trademark	-	12,000	15,0
Total Assets	**540,000**	**200,000**	
Current Liabilities	80,000	50,000	50,0
Bonds Payable	320,000	20,000	24,0
Ordinary Shares	90,000	80,000	
Retained Earnings	50,000	50,000	
Total Liabilities and Equity	**540,000**	**200,000**	

Assuming that Parent Inc. acquires 100% of Sub Inc. on August 1, 2022 for cash of Birr 135,000, what would be the amount of goodwill or (a gain from bargain purchase or negative goodwill) appearing on the Consolidated financial statements on the date of acquisition if the identifiable net assets (INA) or partial goodwill method were used?

- a. Birr2,000
- b. (Birr2,000)
- c. Birr7,000
- d. (Birr7,000)

CamScanner

Question 75

Time left 1:07:19

Not yet answered

Marked out of 1.00

Flag question

HH Company uses process costing system in weighted average method. Records for department 1 shows the following for March 2022:

Beginning Work in process , 80% complete as to Conversion cost.....5,000 units

Units stared in March.....25,000

Ending work in process, 25% complete as to Conversion cost.....8,000

Beginning work in process inventory cost:

Material.....Birr 20,000

Conversion cost..... 60,000

Costs in March:

Material.....Birr 34,000

Conversion cost..... 72,000

All material is added at the start of the process and all finished products are transferred out. What is the cost per equivalent unit of production for material and conversion cost?

- a. Birr 1.70 and 5.30 respectively
- b. Birr 1.80 and Br 5.50 respectively
- c. Birr 2.70 and 6.6 respectively
- d. Birr 2.20 and 5.40 respectively

CamScanner

Question 76

Not yet answered

Marked out of 1.00

Flag question

Which of the following adjustments do not occur in the consolidating process?

- a. Elimination of the investment account.
- b. Elimination of intra-company balances.
- c. Elimination of parent's retained earnings.
- d. Allocations of difference between implied and book values.

CamScanner

Question 76

Not yet answered

Marked out of 1.00

Flag question

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- b. Elimination of intra-company balances.
- c. Elimination of parent's retained earnings.
- d. Allocations of difference between implied and book values.

CamScanner

Question 77

Not yet answered

Marked out of 1.00

Flag question

A company purchases a one-year insurance policy on June 1 for Birr 5,520. The adjusting entry on December 31 is:

- a. debit Insurance Expense, Birr 2,300, and credit Prepaid Insurance, Birr 2,300
- b. debit Insurance Expense, Birr 2,760, and credit Prepaid Insurance, Birr 2,760
- c. debit Insurance Expense, Birr 3,220, and credit Prepaid Insurance, Birr 3,220
- d. debit Prepaid Insurance, Birr 5,520, and credit Cash, Birr 5,520

CamScanner

Question 78

Not yet answered

Marked out of 1.00

Flag question

A corporation acquires new funds only when its securities are sold in the _____.

- a. Primary market by an investment bank.
- b. Primary market by a stock exchange broker.
- c. Secondary market by a commercial bank.
- d. Secondary market by a securities dealer.

CamScanner

Question 79

Not yet answered

Marked out of 1.00

Flag question

Which of the following items should be accounted for in an Agency Fund when a special assessment project is financed by issuing special assessment debt for which the government is not obligated in any manner?

- a. The bond proceeds and construction costs.
- b. The capital assets constructed or acquired.
- c. The long-term debt issued.
- d. The debt service transactions.

CamScanner

Question 80

Not yet answered

Marked out of 1.00

Flag question

What is the major source of revenue for an insurance company?

- a. Insurance premiums
- b. Rental income
- c. Salvage
- d. Interest income

CamScanner

Question 81

Not yet answered

Marked out of 1.00

Flag question

JJ manufacturing uses process costing system with two departments: Department A and Department B. It uses weighted average method. Which of the following is correct to compute cost per equivalent unit for a given cost component?

- a. Current period cost plus the cost of ending inventory divided by EUP
- b. Current period cost plus the cost of beginning inventory divided by EUP
- c. Current period cost divided by EUP
- d. Current period cost less the cost of beginning inventory divided by EUP

CamScanner

Question 82

Not yet answered

Marked out of 1.00

Flag question

The additional incentive that a buyer of a Treasury security requires to buy a long - term security rather than a short-term security is called:

- a. Tax premium.
- b. Term premium.
- c. Market premium.
- d. Risk premium.

CamScanner

Question 83

Not yet answered

Marked out of 1.00

Flag question

The amortized cost method of accounting for investments is not applicable to:

a. Trading debt instruments.

b. Available-for-sale debt instruments.

c. Trading equity instruments.

d. Held-to-maturity debt instruments.

CamScanner

Question 84

Not yet answered

Marked out of 1.00

Flag question

The principal lender-savers in a financial system are:

- a. Businesses.
- b. Households.
- c. Governments.
- d. Foreigners.

CamScanner

Question 85

Not yet answered

Marked out of 1.00

Flag question

When agricultural produce is harvested, the harvest should be accounted for by using IAS 2, Inventories, or another applicable International Accounting Standard. For the purposes of that Standard, cost at the date of harvest is deemed to be _____.

- a. Its fair value less estimated point-of-sale costs at point of harvest.
- b. Market value.
- c. The historical cost less accumulated impairment losses.
- d. The historical cost of the harvest.

CamScanner

Question 86

Not yet answered

Marked out of 1.00

Flag question

Which of the following statements is FALSE about a partnership business?

- a. In a general partnership there should be at least one limited partner.
- b. A partnership business is similar to a sole proprietorship business except in the number of owners.
- c. When a partnership is not solvent, creditors can claim recovery from personal assets of partners.
- d. In a partnership business, an asset contributed by one partner is jointly owned by all.

CamScanner

Question 87

Not yet answered

Marked out of 1.00

Flag question

A Company issues its annual financial reports within one month of the end of the year. This is an example of which enhancing quality of accounting information?

- a. Relevance
- b. Verifiability
- c. Confirmatory value
- d. Timeliness

CamScanner

Question 88

Not yet answered

Marked out of 1.00

Flag question

In case of property held under an operating lease and classified as investment property:

- a. The entity needs only to disclose the fair value and can use the cost model.
- b. The entity has to use the fair value model only.
- c. The entity has to account for the investment property under the cost model only.
- d. The entity has the choice between the cost model and the fair value model.

CamScanner

Question 89

Not yet answered

Marked out of 1.00

Flag question

The accounting equation shows

- a. The equality of asset with owner's equity
- b. The equality of net income with net loss
- c. The equality of resources with sources
- d. The equality of revenue with expense

CamScanner

Western PLC uses periodic inventory system. The following balances were taken from its accounting record;

- Merchandise inventory balance as of March 1, 2023 ..... Birr 400,000
- Merchandise inventory balance as of March 31, 2023..... Birr 150,000
- Purchase during the period.....Birr 510,000
- Purchase discount.....Birr 10,000
- Freight out.....Birr 5,000

The cost of merchandise sold is:

- a. Birr 250,000
- b. Birr 750,000
- c. Birr 745,000
- d. Birr 760,000

CamScanner

Question 91

Not yet answered

Marked out of 1.00

Flag question

Bonds are sold to finance the construction of a new public safety station. Bond proceeds equal to the face value of the bonds are reported in a Capital Projects Fund as:

- a. other financing use
- b. other financing source
- c. a revenue
- d. deferred inflow of resources

CamScanner

Question 92

Not yet answered

Marked out of 1.00

Flag question

The primary purpose of deposit insurance is to _____.

- a. Improve the flow of information to investors.
- b. Protect bank employees from unemployment.
- c. Protect bank shareholders against losses.
- d. Prevent banking panics.

CamScanner

Question 93

Not yet answered

Marked out of 1.00

Flag question

An impairment loss is:

- a. The amount by which the recoverable amount of an asset exceeds its carrying amount.
- b. The amount by which the carrying amount of an asset exceeds its recoverable amount.
- c. The amount by which the carrying amount of an asset exceeds its market value.
- d. The amount by which the recoverable amount of an asset exceeds its written down value.

CamScanner

Question 94

Not yet answered

Marked out of 1.00

Flag question

Which of the following is not true about maturity matching financing approach:

- a. Exact maturity matching is difficult as there is uncertainty about the lives of assets and as some common equity must be used.
- b. It matches asset and liability maturities.
- c. It minimizes the risk that the firm will be unable to pay off its maturing obligations.
- d. Maturity matching seeks to avoid financing long-term assets with long-term borrowing.

CamScanner

Question 95

Not yet answered

Marked out of 1.00

Flag question

A competitor has sued an entity for unauthorized use of its patented technology. The amount that the entity may be required to pay to the competitor if the competitor succeeds in the lawsuit is determinable with reliability, and according to the legal counsel it is less than probable (but more than remote) that an outflow of the resources would be needed to meet the obligation. The entity that was sued should at year-end _____

- a. Make no provision or disclosure and wait until the lawsuit is finally decided and then expense the amount paid on settlement, if any.
- b. Set aside, as an appropriation, a contingency reserve, an amount based on the best estimate of the possible liability.
- c. Make a disclosure of the possible obligation in the footnotes to the financial statements.
- d. Recognize a provision for this possible obligation.

CamScanner

Question 96

Not yet answered

Marked out of 1.00

Flag question

Which of the following is part of the analytical procedures applied to assess the likelihood of material misstatements in depreciation expense and accumulated depreciation?

- a. Examine vendor invoice for additions
- b. Perform physical inventory of fixed assets
- c. Compare depreciation expense divided by gross equipment cost with previous years
- d. Examine for cclassification errors such as expensing assets

CamScanner

Question 97

Not yet answered

Marked out of 1.00

Flag question

Which one of the following tasks in NOT part of the recording process?

- a. Preparing an income statement
- b. Posting journal entries
- c. Analysing transactions
- d. Entering transactions in a journal

CamScanner

Question 98

Not yet answered

Marked out of 1.00

Flag question

High dividends may increase stock values due to all of the following reasons except:

- a. dividends are used as a tool to minimize agency costs
- b. higher dividends allow companies to increase their proportion of external equity financing
- c. higher dividends are used to signal higher expected future earnings
- d. dividends are more certain than capital gains

CamScanner

Question 99

Not yet answered

Marked out of 1.00

Flag question

The main purpose for establishing a code of conduct for professionals is to:

- a. Demonstrate acceptance of responsibility to the interests of those served by the profession
- b. Guarantee that all members of the profession perform at the same level of competence
- c. Protect members of the profession from being sued for substandard work
- d. Enable users to evaluate by themselves the quality of professional services

CamScanner

Question 100

Not yet answered

Marked out of 1.00

Flag question

All of the following are examples of temporary book-tax differences except:

- a. Product warranty costs
- b. Depreciation
- c. Contingent liabilities
- d. Payment of premiums for life insurance

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