

UNITY UNIVERSITY
Rukya Campus
Course Title: EXIT EXAM BOOK II

Maximum Weight: 120%
Time allowed: 2:30 hrs
March 3, 2023

Name_____ID No_____Department_____
Section_____Sign_____

General instruction:

✓ Make sure that the booklet consist 1types of instructions
✔Switch off mobile phone while conducting the examination.
✓ Put your answers for each question on the space provided
✓Cheating during examination is strictly forbidden.

1. A ledger:
A. Contains only asset and liability accounts.
B. B. Should show accounts in alphabetical order.
C. Is a collection of the entire group of accounts maintained by a company.
D. Is a book of original entry.

2.The principle or assumption dictating that efforts (expenses) be matched with accomplishments (revenues) is the:
A. Matching principle. B. Cost assumption.
C. Periodicity principle. D. Revenue recognition principle.

3.Each of the following is a major type (or category) of adjusting entries except:
A. Prepaid expenses.
B. Accrued revenues.
C. Accrued expenses.
D. Earned revenues.

4. Adjustments for prepaid expenses:
A. Decrease assets and increase revenues.
B. Decrease expenses and increase assets.
C. Decrease assets and increase expenses.
D. Decrease revenues and increase assets.

5. Accumulated Depreciation is:
A. a contra asset account.
B. an expense account.
C. an owner's equity account.
D. a liability account.

6.In a worksheet, net income is entered in the following columns:
A. Income statement (Dr) and balance sheet (Dr).
B. Income statement (Cr) and balance sheet (Dr).
C. Income statement (Dr) and balance sheet (Cr).
D. Income statement (Cr) and balance sheet (Cr).

7. When a net loss has occurred, Income Summary is:
A. Debited and Owner's Capital is credited.
B. Credited and Owner's Capital is debited.
C. Debited and Owner's Drawing is credited.
D. Credited and Owner's Drawing is debited.

8. Which of the following statements about users of accounting information is incorrect?
A. Management is an internal user.
B. Taxing authorities are external users..
C. Present creditors are external users:

D. Regulatory authorities are internal users.
9. Accounts that normally have debit balances are:
A. Assets, expenses, and revenues.
B. Assets, expenses, and owner's capital.
C. Assets, liabilities, and owner's drawings.
D. Assets, owner's drawings, and expenses.

10. Which of the following is not part of the recording process?
A. Analyzing transactions.
B. Preparing a trial balance.
C. Entering transactions in a journal.
D. Posting transactions

11. A trial balance:
A. Is a list of accounts with their balances at a given time.
B. Proves the mathematical accuracy of journalized transactions.
C. Will not balance if a correct journal entry is posted twice.
D. Proves that all transactions have been recorded.

12. All of the following are required steps in the accounting cycle except:
A. Journalizing and posting closing entries.
B. Preparing financial statements
C. Journalizing the transactions.
D. Preparing a work sheet.

13. When Alexander Company purchased supplies worth $500, it incorrectly recorded a credit to Supplies for $5,000 and a debit to Cash for $5,000. Before correcting this error:
A. Cash is overstated and Supplies is overstated.
B. Cash is understated and Supplies is understated.
C. Cash is understated and Supplies is overstated.
D. Cash is overstated and Supplies is understated.

14. Which of the following accounts will normally appear in the ledger of a merchandising company that uses a perpetual inventory system?
A. Purchases,
B. Freight-in.
C. Cost of Goods Sold.
D. Purchase Discounts.

15. The multiple-step income statement for a merchandising company shows each of the following features except:
A. Gross profit.
B. Cost of goods sold.
C. A sales revenue section.
D. Investing activities section.

16. If beginning inventory is $60,000, cost of goods purchased is $380,000, and ending inventory is $50,000,cost of goods sold is:
A. $390,000.
C. $330,000.
B. $370,000.
D. $420,000.

17. In determining cost of goods sold:
A. Purchase discounts are deducted from net purchases.
B. Freight-out is added to net purchases..
C. Purchase returns and allowances are deducted from net purchases.
D. Freight-in is added to net purchases.

18. On the last day of the period, Jim Otto Company buys a $900 machine on credit. This transaction will affect the:
A. Income statement only.
B. Balance sheet only.
C. Income statement and owner's equity statement only.
D. Income statement, owner's equity statement, and balance sheet.

19. The financial statement that reports assets, liabilities, and owner's equity is the:
A. Income statement.
B. Owner's equity statement.
C. Balance sheet.
D. Statement of cash flow.

20. During 2010, Gibson Company's assets decreased $50,000 and its liabilities decreased $90,000. Its owner's equity therefore:
A. Increased $40,000.
B. Decreased $140,000.
C. Decreased $40,000.
D. Increased $140,000.

21. When there are a large number of individual accounts with a common characteristic, it is common to place them in a separate ledger called:
A. a subsidiary ledger
B.a creditors ledger
C. an accounts payable ledger
D. an accounts receivable ledger

22. Which of the following accounts would not be included in a post-closing trial balance?
A. Cash
B. Fees Earned
C. Accumulated Depreciation

D. J. C. Smith, Capital

23. When recording payroll:
A. Gross earnings are recorded as salaries and wages payable.
B. Net pay is recorded as salaries and wages expense.
C. Payroll deductions are recorded as liabilities.
D. More than one of the above.

24. Which of the following is not a characteristic of a partnership?
A. Taxable entity
B. Co-ownership of property
C. Mutual agency
D. Limited life

25. is the residual interest in the assets of an entity (the company) that remains after deducting liabilities
A. Cash C. Investment
B. working capital D. Equity

26. A financial statement of a company that shows the cash inflows and cash outflows is
A. A statement of balance sheet
B. A statement of income statement
C. A statement of cash flow
D. A statement of owner's equity

27. is related to production and production costs.
A. Budgetary control B. Variance analysis
C. Standard costing D. All

28. Atlantis Company's ending inventory is understated $4,000. The effects of this error on the current year's cost of goods sold and net income, respectively, are:
A. Understated, overstated.
B. Overstated, understated.
C. Overstated, overstated.
D. Understated, understated.

29. Songbird Company has sales of $150,000 and cost of goods available for sale of $135,000. If the gross profit rate is 30%, the estimated cost of the ending inventory under the gross profit method is:
A. $15,000. B. $30,000.
C. $45,000. D. $75,000.

30. In a perpetual inventory system,
A. LIFO cost of goods sold will be the same as in a periodic inventory system.
B. Average costs are based entirely on unit cost averages.
C. a new average is computed under the average-cost method after each sale.

D. FIFO cost of goods sold will be the same as in a periodic inventory system.

31. One of the following statements about promissory notes is incorrect. The incorrect statement is:
A. The party making the promise to pay is called the maker.
B. The party to whom payment is to be made is called the payee.
C. A promissory note is not a negotiable instrument.
D. A promissory note is often required from high-risk customers.

32. Which one is the Advantages of Standard Costing
A. Time consuming
B. Obsolescence in fast changing conditions
C. Requirement of homogeneity
D. It acts as an effective tool for business planning

33. What is the maturity value of a 90-day, 12% note for $10,000?
A. $8,800
C. $10,000
B. $10,300
D. $11,200

34. What is the due date of a $12,000, 90-day, 8% note receivable dated August 5?
A. October 31 C. November 3
B. November 2 D. November 4

35. In preparing bank reconciliation, the amount of checks outstanding would be:
A. Added to the cash balance according to the bank statement.
B. Deducted from the cash balance according to the bank statement.
C. Added to the cash balance according to the depositor's records.
D. Deducted from the cash balance according to the depositor's records.

36. A profit-making business operating as a separate legal entity and in which ownership is divided into shares of stock is known as a:
A. Proprietorship B. service business
C. partnership D. corporation

37. In periods of rising prices, LIFO will produce:
38. A. Higher net income than FIFO.
B. The same net income as FIFO.
C. Lower net income than FIFO.
D. Higher net income than average costing.

38. of the following items represents a deferral
A. Prepaid insurance B. Fees earned
C. Wages payable D. Accumulated depreciation

39. If the supplies account, before adjustment on May 31, indicated a balance of $2,250, and supplies on hand at May 31 totaled $950, the adjusting entry would be:
A. debit Supplies, $950; credit Supplies Expense, $950.
B. debit Supplies, $1,300; credit Supplies Expense, $1,300.
C. debit Supplies Expense, $950; credit Supplies, $950.
D. debit Supplies Expense, $1,300; credit Supplies, $1,300.

40. Net loss will result during the time period
A. When assets exceed revenues
B. B. When revenues exceed expenses
C. When expenses exceed revenues
D. D. When assets exceed liabilities

41. Debit signifies
A. Decrease to liability
B. Left-hand side amount column
C. Increase to an asset
D. all of the above

42. The balance in unearned rent at the end of period represents
A. an asset B. a liability
C. a revenue D. an expense

43. The controlling account in the general ledger that summarizes the debits and individual customers in the subsidiary ledger in entitled
A. Accounts payable
B. Accounts Receivable
C. Sales
D. Purchase

44. which one is a Post closing trial balance account
A. Sales
B. Salary expense
C. Accounts Receivable
D. Interest expense

45. Accounts and notes receivable are reported in the current assets section of the balance sheet at:
A. cash (net) realizable value"
B. Net book value.
C. Lower-of-cost-or-market value.
D. Invoice cost.

46. Net sales for the month are $800,000, and bad debts are expected to be 1.5% of net sales. The company uses the percentage-of-sales basis. If the Allowance for Doubtful Accounts has a credit balance of $15,000 before adjustment, what is the balance after adjustment?
A. $15,000.
B. $27,000.
C. $23,000.
D. $31,000.

47. Jefferson Company purchased a piece of equipment on January 1, 2010. The equipment cost $60,000 and had an estimated life of 8 years and a salvage value of $8,000. What was the depreciation expense for the asset for 2011 under the double-declining-balance method?
A. $6,500. B. $11,250.
C. $15,000. D. $6,562.

48. Maggie Sharrer Company expects to extract 20 million tons of coal from a mine that cost $12 million. If no salvage value is expected, and 2 million tons are mined and sold in the first year, the entry to record depletion will include a:
A. Debit to Accumulate Depletion of $2,000,000.
B. Credit to Depletion Expense of $1,200,000.
C. Debit to Depletion Expense of $1,200,000.
D. Credit to Accumulated Depletion of $2,000,000.

49. Additions to plant assets are:
A. Revenue expenditures.
B. Debited to a Repair Expense account.
C. Debited to a Purchases account.
D. Capital expenditures.

50. Schopenhauer Company exchanged an old machine, with a book value of $39,000 and a fair market value of $35,000, and paid $10,000 cash for a similar new machine. The transaction has commercial substance. At what amount should the machine acquired in the exchange be recorded on Schopenhauer's books?
A. $45,000.
B. $46,000.
C. $49,000.
D. $50,000

51. A petty cash fund is:
A. Used to pay relatively small amounts.
B. Established by estimating the amount of cash needed for disbursements of relatively small amounts during a specified period.

C. Reimbursed when the amount of money in the fund is reduced to a predetermined minimum amount.
D. All of the above.

52. Journal entries based on the bank reconciliation are required for:
A. Additions to the cash balance according to the depositor's records.
B. Deductions from the cash balance according to the depositor's records.
C. Both A and B.
D. Neither A nor B.

53. If merchandise is sold on account to a customer for $1,000, terms FOB shipping point, 1/10, n/30, and the seller prepays $50 in transportation costs, the amount of the discount for early payment would be:
A. $0
B. $10.00
C. $5.00
D. $10.50

54. The advantages of a partnership do not include:
A. Ease of formation.
B. Unlimited liability.
C. Freedom from government regulation.
D. Ease of decision making.

55. Which of the following is not a major advantage of a corporation?
A. Separate legal existence.
B. Continuous life.
C. Government regulations.
D. Transferable ownership rights.

56. Preferred stock may have priority over common stock except in:
A. Dividends.
B Assets in the event of liquidation.
C. Cumulative dividend features.
D. Voting.

57. A listing of a business entity's assets, liabilities, and owner's equity as of a specific date is:
A. balance sheet.
B. income statement.
C. statement of owner's equity.
D. statement of cash flows.

Assume in year 1, ABC Company's installment sales equal Br. 650,000 and cost of merchandise sold amounts to Br. 330,000. Assume further that the collections of the Installment Accounts Receivable are extended over three years as follows so, do the following the question from 58 up to 59.

Year 1----------Br. 250,000
Year 2----------165,000
Year 3---------- 235.000
Total installment sales----------650,000

58. What is the amount of gross profit in percentage and cost of goods sold in percentage respectively?
A. 30% and 70%
B. 63% and 37%
C. 49% and 51%
D. 21% and 79%

59. What is the amount of gross profit and cost of goods sold Under Point of Sale Method respectively?
A. Birr 150,000 and Birr 350,000 B. Birr 250,000 and Birr 330,000
C. Birr 350,000 and Birr 650,000 D. Birr 320,000 and Birr 330,000

60. One is a component of cash flows from Investing activities
A. Sale of equipment
B. Purchase of land
C. Sale of land
D. Increase in inventory

61. Which agreement is entered in an exchange of property on a future date which is a contract to sale?
A. During production
B. Completion of production
C. Prior to production
D. At some other stages.

62. One is not a component of cash flows from operating activities.
A. Net Income
B. Changes in Current Assets
C. Non-Cash Gains
D. Notes Payable to Vendors

63. The growth in a principal sum representing the fee charged for the use of money for a given time period is,
A. Interest B. Ordinary Annuity

C. Future value D. Interest rate

63. Which one is a component the statements of cash flows
A. Operating activities
C. Investing activities
B. Financing activities
D. All

65. When the expense is not recognition?
A. Costs directly associated with revenue recognized in the period
B. Costs associated with the period on the basis other than a direct relationship with revenue
C. From Sale type of Leases
D. Costs that is not reasonably associated with any other period

66. Which one is an odd?
A. Accounts payable
B. Wages payable
C. Taxes payables
D. Note payable

67. is a formal method for making a choice, often involving quantitative and qualitative analysis.
A. Gather information C. Choose an alternative
B. Evaluate their performance D. A decision model

68. Which one is accost that can be eliminated in whole or in part by choosing one alternative over another.
A. Incremental cost B. Opportunity costs
C. Avoidable costs D. Unavoidable costs

69. Assume XYZ company issued a note to 90 days for birr 12,000 note dated on December 31 and the amount of interest is birr 120, then what is the rate of the note?
A. 14% B. 13%
C. 4% D. 3%

70. All of the following statements are correct except?
A. Accrued liabilities represent obligations that accumulate in a systematic way over time
B. Deferred Revenue is liability
C. The Company records the bonus as an expense and as a current liability when it has been earned by the employees.
C. Trade Accounts Payable arise from purchase of inventory, supplies or services on cash basis.

71. Which of the following is/are Current Liabilities Having Contractual (Definite) Amount?
A, Dividend payable B. Sale tax payable
C. Bonus payable D. Property tax payable. Increase in inventory

72. Identify the correct statement?
A. If the bonds sell for less than face value, they sell at a premium.
B. If the bonds sell for more than face value, they sell at a discount.
C. If bonds sell at a discount, the effective yield exceeds the stated rate
D. If bonds sell at a premium, the effective yield is greater than the stated rate

73. Which of the following costs would a computer manufacturer include in manufacturing overhead?
A. The cost of the disk drives.
B. The wages earned by computer assemblers.
C. The cost of the memory chips.
D. Depreciation on testing equipment.

74. Additions to plant assets are:
A. Revenue expenditures.
B. Debited to the Maintenance and Repairs Expense account.
C. Debited to the Purchases account.
D. Capital expenditures.

75. Which of the following is correctly related?
A. IAS 16--------Property, Plant and Equipment
B. IAS38---------Intangible asset
D. IAS 12--- ----Income tax
E. D. All of the above

76. Assume at the beginning of May **FERIHA** Company sold merchandise, for cash. It received Br.2, 000,000 & credited sales account by Br.2, 000,000 the amount include value added tax of 15% on sales. Based on the above data the amount of sale revenue and VAT payable respectively would be:
A. Br.300, 000 and Br.2, 000,000
B. Br.2, 000, 000 and Br.300, 000
C. Br.1, 739,130 and Br.260, 870
D. Br.260, 870 and Br.1, 739, 130

76. Which of the following statements is/are correct?
A. Leases that do not substantially transfers benefits and risks are operating leases.
B. Carrying amount is the amount attributed to that asset or liability as per tax law
C. Taxable temporary differences are temporary differences that increase taxable profits of future and give rise to deferred tax asset.

D. Deferred tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for current period.

78. Which of the following is correctly related?
A. Plant asset ---Depletion
B. Fixed asset ---Depreciation
C. Natural resource ---Amortization
D. Intangible asset ---Amortization

79. Which depreciation method is un acceptable under international financial reporting
A. Straight line method
B. Double declining balance method
C. Unit of production method
D. Sum year digit method

80. If gain of Br.15,000 is recognized in selling (for cash) office equipment having book value of Br.70,000 the total amount reported in cash flow from investing activities section of statement of cash flow is:
A. Br.15, 000 B. Br.85, 000
C. Br.35,000 D. Br.55, 000

81. Which budget is developed using budgeted revenues or cost amounts based on the level of output actually achieved in the budget period.
A. Static budget B. Budgetary control
C. Flexible budget D. Standard costing

82._____is developed using budgeted revenues or cost amounts based on the level of output actually achieved in the budget period.
A. A flexible budget B. Master budget
C. Static budget D. Sales budget

83. From the following which cost is doesn't include under the cost of constructing building?
A. Fees paid to architects, engineers for plans and supervisions,
B. Insurance incurred during construction
C. Interests incurred to finance the construction through borrowing
D. Amount of money that was paid to official in order to finish name change

84. All of the following statements are correct regarding to lease except?
A. The lease specifies the duration of the lease and rental payments.
B.The obligations for taxes, insurance, and maintenance may be assumed by the lessor or the lessee.
C. Lease payments are flexible for period to period.
D. The lease gives the lessee the right to use specific property

85._____ is based on past data relating to product, which is adjusted according to anticipated changes in future
A. Standard Costs
B. Variance analysis
C. Estimated Costs
D. All

86. Which one is not type of cost classification based on decision making
A. Differential cost:
C. Opportunity cost
D. Manufacturing cost
B. Incremental cost

87. One is the practice of setting prices below cost for the purpose of injuring competitors and eliminating competition.
A Pricing Decisions B. Peak-Load Pricing
C. Price Discrimination D. Predatory pricing

88. The flexible budget amount is $ 57000 and flexible budget variance is $ 14000, then actual result amount will be
A. $ 61,000 B. $ 71,000
C. $ 43,000 D. $ 24,000

89. The second-step in decision process is
A. Make prediction B. Gather information
C. Evaluate their performance D. Choose an alternative

90.___analysis examines the behaviour of total revenues, total costs, and operating profit
A. Cost-volume-profit
C. The contribution margin method
B. The equation method
D. The graph method

91. If the company sold 1 unit at $ 200, variable cost per unit $120, and also fixed cost $ 2,000, so what will be the amount of break even quantity?
A.. 20 units B. 25 units
C. 30 units D. 40 units
92. From question 91 what will be the break even in terms of cost?
A. $6.000 B. $5.000
C. $2.500 D. $4.000

93. What will be Contribution margin percentage from the question 91?
A. 40% B. 50%
C. 60% D. 30%

94. If X & Co. sales department estimated its sales in units for the I quarter of the year 2017 is 50,000 units. It forecasted 20% and 10% increase in sales over the past quarter for the II and III quarters respectively except for the last quarter. Selling price per unit is Br.10 for all the quarters. What will be the sales budget at quarter II and III respectively?
A. 500,000 600,000
B. 660,000 660.000
C. 600,000 660,000
D. 500,000 660,000

95. is a forecast of expected cash inflows and cash outflows during a future period of time.
A, Cash Budget
B. Sales Budget
C. Operational budget
D. A selling and administrative expense budget.

96. Which one is the major Influences On Pricing Decisions
A. Competitors B. Costs
C. Customer D. All

97. One is the step in decision process:
A. Gather information
B. Make prediction
C. Evaluate their performance
D. All

98. Which one is the essentials of budget
A. It is a statement
B. It pertains to a future period
C. It is action plan to attain the objectives of the organization
D. All

Answer question number 99&100 based on the information depicted below
Assume that on December 22, 2022 European calendar FIKRU Corporation based in Addis Ababa signs a contract to sell copy Machine to Unity University for birr 500,000.Fikru Corporation delivered the copy machine to Unity University after 10 days.

99. Based on the given data when revenue is recognized by Fikru Corporation?
A. On December 22, 2022
B. On January 1, 2023
C. On January 2, 2023
D. On December 2, 2022

100. Based on the above information the performance obligation is?
A. Selling copy machine
B. Selling and installing copy machine
C. Selling the machine and covering transportation cost
D All of the above

101. If the lessee capitalizes a lease, the lessee records an asset and a liability generally equal to
A. Present value of rental payment less depreciation.
B. B. Present value of rental payment plus interest revenue.
C. The present value of the rental payments.
D. None

102. Which of the following is not an element of manufacturing overhead?
A Sales manager's salary.
B. Plant manager's salary.
C. Factory repairman's wages.
D. Product inspector's salary.

103. A cost of goods manufactured schedule shows beginning and ending inventories for;
A. Raw materials and work in process only.
B. Work in process only.
C. Raw materials only.
D. Raw materials, work in process, and finished goods.

104.Indirect labor is a: A Non manufacturing cost.
C. Product cost.
B. Raw material cost.
D. Period cost.

105. Which of the following costs are classified as a period cost?
A. Wages paid to a factory custodian.
B. Wages paid to a production department supervisor.
C. Wages paid to a cost accounting department supervisor.
D. Wages paid to an assembly worker.

106.Cost accounting involves the measuring, recording, and reporting of:
A. Product costs. B. Future costs.
C. Manufacturing processes. D. Managerial accounting decisions.

107. A company is more likely to use a job costing system if:
A. it manufactures a large volume of similar products.
B. its production is continuous.
C. it manufactures products with unique characteristics.
D. it uses a periodic inventory system.

108. In accumulating raw materials costs, the cost of raw materials purchased in a perpetual system is debited to:
A. Raw Materials Purchases.
B. B. Raw Materials Inventory.
C. Purchases.
D. Work in Process.

109. When incurred, factory labor costs are debited to:
A Work in Process.
B. Factory Wages Expense.
C. Factory Labor.
D. Factory Wages Payable.

110. The flow of costs in job order costing:
A. Begins with work in process inventory and ends with finished goods inventory.
B. Begins as soon as a sale occurs.
C. Parallels the physical flow of materials as they are converted into finished goods.
D. is necessary to prepare the cost of goods manufactured schedule.

111. Raw materials are assigned to a job when:
A. The job is sold.
B. The materials are purchased
C. The materials are received from the vendor.
D. The materials are issued by the materials storeroom.

112. The source documents for assigning costs to job cost sheets are:
A. Invoices, time tickets, and the predetermined overhead rate.
B. Materials requisition slips, time tickets, and the actual overhead costs.
C. Materials requisition slips, payroll register, and the predetermined overhead rate.
D. Materials requisition slips, time tickets, and the predetermined overhead rate.

113. In Crawford Company, the predetermined overhead rate is 80% of direct labor cost. During the month, $210,000 of factory labor costs are incurred, of which $180,000 is direct labor and $30,000 is indirect labor. Actual overhead incurred was $200,000. The amount of overhead debited to Work in Process Inventory should be:
A. $120,000. B. $144,000.
C. $168,000. D. $160,000.

114. Manufacturing overhead is under applied if:
A. Actual overhead is less than applied.
B. Actual overhead is greater than applied.
C. The predetermined rate equals the actual rate.
D. Actual overhead equals applied overhead.

115. Which of the following items is not characteristic of a process cost system?
A. Once production begins, it continues until the finished product emerges.
B. The products produced are heterogeneous in nature.
C. The focus is on continually producing homogeneous products.
D. When the finished product emerges, all units have precisely the same amount of materials, labor, and overhead.

116. In a process cost system, costs are assigned only:
A. To one work in process account.
B. To work in process and finished goods inventory.
C. To work in process, finished goods, and cost of goods sold.
D. To work in process accounts.

117. Stock Company has 2,000 units in beginning work in process, 20% complete as to conversion costs, 23,000 units transferred out to finished goods, and 3,000 units in ending work in process 331/3% complete as to conversion costs. The beginning and ending inventory is fully complete as to materials costs. Equivalent units for materials and conversion costs are, respectively:
A. 22,000, 24,000.
B. B. 24,000, 26,000.
C. 26,000, 24,000.
D. D. 26,000, 26,000

118. When fully depreciated plant asset is disposed by sale, which one is incorrect related?
A. If Selling Price = Book Value: No gain no loss
B. B. If Selling Price <Book Value: Loss
C. If Selling Price >Book Value: Gain
D. If book value > Selling Price: Gain

119. Which of the following should not be included in the physical inventory of a company?
A. Goods held on consignment from another company.
B. Goods shipped on consignment to another company.
C. Goods in transit from another company shipped FOB shipping point.
D. None of the above.

120.Initial expenditure that are included in the cost of the asset is,
A Capital expenditure B. Revenue expenditure
C. Replacement cost D. None

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