

Paper 1

MIDTERM EXAMINATION

Spring 2009

MGT401- Financial Accounting II

Question No: 1 (Marks: 1) - Please choose one

According to fourth schedule of companies ordinance which of the stock-in-trade is **not** part of the current asset

Stock of raw material

Work in process

Stock of finished goods

None of the given options

Question No: 2 (Marks: 1) - Please choose one

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

Question No: 3 (Marks: 1) - Please choose one

How many days before notice is served to the members for holding statutory meeting?

60days

30days

40days

21days

Question No: 4 (Marks: 1) - Please choose one

How many days before notice is served to the members for holding Annual General Meeting?

60days

30days

40days

21days

Question No: 5

(Marks: 1) - Please choose one

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

IAS 27

IAS 28

IAS 01

IAS 07

Question No: 6

(Marks: 1) - Please choose one

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:

Partially Owned Subsidiary

Wholly Owned Subsidiary

Direct Subsidiary

Indirect Subsidiary

Question No: 7

(Marks: 1) - Please choose one

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

Partially Owned Subsidiary

Wholly Owned Subsidiary

Direct Subsidiary

Indirect Subsidiary

Question No: 8

(Marks: 1) - Please choose one

Whom of the following are responsible to prepare the annual accounts of the company under Companies Ordinance 1984?

Directors of the company

Shareholders of the company

Internal Auditors of the company

Managers of the company

Question No: 9

(Marks: 1) - Please choose one

Which one of the following cost is directly attributable to the Property, Plant and Equipment?

Costs of site preparation

Administration and other general overhead cost

Costs of conducting business in a new location or with a new class of customer (including costs of staff training)

All of the given options

Question No: 10

(Marks: 1) - Please choose one

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

Qualifying Assets

Amount to be capitalized

Capitalization period

All of the given options

Question No: 11

(Marks: 1) - Please choose one

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? www.vustudents.net

Applied research

Development

Business research

Accounting

Question No: 12

(Marks: 1) - Please choose one

Which one of the following is an example of Intangible Assets?

Preliminary expenses

Copy rights

Investments

Discount on issue of shares

Question No: 13

(Marks: 1) - Please choose one

Goodwill must be shown in the financial statement of company limited by liability under the heading of:

Current Assets

Intangible Fixed Assets

Tangible Fixed Assets

None of the given options

Question No: 14

(Marks: 1) - Please choose one

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 [page 45 handouts

Question No: 15

(Marks: 1) - Please choose one

If:

Then:

Direct Material Cost is Rs. 15,000

Factory overhead is Rs. 5,000

Prime Cost is Rs. 30,000

What is the amount of Manufacturing Cost?

Rs. 10,000

Rs. 20,000

Rs. 35,000 **prime cost = direct material + direct labor**

Rs. 45,000 cost of manufacturing = prime cost+ FOH

Question No: 16

(Marks: 1) - Please choose one

Which of the following is **NOT** represent the Cost of goods sold?

Sales – Gross Profit www.vustudents.net

Opening Stock + Purchases – Return Outwards – Closing Stock

Cost of goods Manufactured + Opening Finished Goods Inventory – Closing Finished Goods Inventory

Opening Stock + Purchases – Return Inwards – Closing Stock

Question No: 17

(Marks: 1) - Please choose one

Which of the following is **NOT** represent the Prime Cost?

Total Factory Cost – Direct Labour Cost

Direct Material Cost + Direct Labour Cost

Total Factory Cost – Factory Overheads

Conversion Cost – Factory Overheads + Direct Material Costs

Question No: 19

(Marks: 1) - Please choose one

Which one of the following IAS is related to Financial Instruments Recognition and Measurement?

IAS 31

IAS 32

IAS 39

IAS 27

Question No: 20

(Marks: 1) - Please choose one

Which one of the following is **TRUE** with respect to the Financial Instrument?

It is an agreement that gives rise to both a Financial Asset of one entity and Financial Liability of another entity.

It is an agreement that gives rise to both a Financial Expense of one entity and Financial Asset of another entity.

It is an agreement that gives rise to both a Financial Income of one entity and Financial Asset of another entity.

It is an agreement that gives rise to both a Financial Expense of one entity and Financial Income of another entity.

Question No: 21

(Marks: 1) - Please choose one

Which one the following risk arises when financial instruments fluctuate due to change in market prices?

Price Risk

Currency Risk

Interest Risk

Liquidity Risk

Question No: 22

(Marks: 1) - Please choose one

Which of the following may result from an inability to sell a financial asset quickly at close to its fair value?

Price Risk

Liquidity Risk

Interest Rate Risk

Currency Risk

Question No: 23

(Marks: 1) - Please choose one

Which of the following is/are shown under the heading of Stock-in-Trade in Balance Sheet?

Raw Materials

Work in Process

Finished Goods

All of the given options

Question No: 24

(Marks: 1) - Please choose one

Which of the following is **NOT** shown under the heading of Stock-in-Trade in Balance Sheet? www.vustudents.net

Raw Materials

Packing Materials

(doubt)

Finished Goods

Spares

Question No: 25

(Marks: 1) - Please choose one

Which of the following represents the objective of the financial statements?

To provide the information about the business objectives

To provide the information about the business liabilities

To provide the information about the business assets

To provide the information about the Financial position, Financial performance and Changes in financial position

Question No: 26

(Marks: 1) - Please choose one

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



Consistency

Profit

Materiality

Prudence

Question No: 27

(Marks: 1) - Please choose one

Which one of the following statement is **TRUE** regarding Going concern concept?

The business is profitable

The assets of the business are valued at market value

A business will continue until the directors decide to close it

The business will continue its working

Question No: 28

(Marks: 1) - Please choose one

Which of the following is/are represent(s) the “**Losses**” with respect to the IASB’s Framework?

Disposal of assets at a value lesser than its carrying amount

Discharge of liabilities at a value higher than its carrying amount **(doubt here)**

Disposal of assets at a value lesser than its book amount

All of the given options

Question No: 29

(Marks: 1) - Please choose one

Which of the following is a component of current liabilities?

Assets subject to finance lease

Debentures

Provision for Taxation

Loans taken for more than five years

Question No: 30

(Marks: 1) - Please choose one

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

Paper 2

MIDTERM EXAMINATION
Spring 2009
MGT401- Financial Accounting II

(Marks: 1) - Please choose one

Which of the following may consist of more than 20 persons in case of partnership?

Firms of Lawyers

Firms of Doctors

Firms of Associates

All of the given options

Question No: 2

(Marks: 1) - Please choose one

Which of the following entities is profit oriented entity?

NGOs

Trust

Societies

Sole - proprietorship

Question No: 3

(Marks: 1) - Please choose one

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

Sole-proprietorship

Partnership

Public Limited Company

Private Limited Company

Question No: 4

(Marks: 1) - Please choose one

What maximum number of shareholders is allowed to form a Private Limited Company?

20

50

10

07

Question No: 5

(Marks: 1) - Please choose one

Which of the following is **TRUE** about the meeting of directors?

The quorum for a meeting of directors of listed company shall not be less than 1/3 of their member or four which ever is greater.

The quorum for a meeting of directors of listed company shall not be less than 1/3 of their member or four which ever is lower.

The quorum for a meeting of directors of listed company shall not be less than 1/2 of their member or four which ever is lower.

The quorum for a meeting of directors of listed company shall not be less than 1/2 of their member or four which ever is greater.

Question No: 7

(Marks: 1) - Please choose one



If "A" is subsidiary of "B" and "B" is a subsidiary of "C" then which of the following statement is **TRUE**? www.vustudents.net

"A" is subsidiary of "C"

indirect subsidiary

"A" is not a subsidiary of "C"

"C" is holding company of "B" only

"C" is not holding company of "B"

Question No: 8

(Marks: 1) - Please choose one

What is the treatment of Depreciation in accounting?

Treated as a reserve

Treated as an expense

Treated as a surplus

Treated as a Liability

Question No: 9

(Marks: 1) - Please choose one

What cost should be charged to the equipment if:

Equipment was purchased for Rs. **34,000**;

Costs were incurred on the date of purchase:

o Loss on sale of old equipment Rs. 4,000;

o Installation costs Rs. **3,000**; and Breaking-in costs Rs. **500**

Equipment should be charged with Rs. 37,500

Equipment should be charged with Rs. 34,000

Equipment should be charged with Rs. 38,000

Equipment should be charged with Rs. 37,000

Question No: 10

(Marks: 1) - Please choose one

Why do businesses charge depreciation on their fixed assets?

To ensure that sufficient cash is available to replace the assets

To show the realizable value of the assets in the Balance Sheet

To spread the cost of the assets over their estimated useful life

To show when the assets must be replaced

Question No: 11

(Marks: 1) - Please choose one

Which of the following is **NOT** Qualifying Asset?

Power plan 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

Inventory routinely manufactured

Question No: 12

(Marks: 1) - Please choose one

Which of the following is(are) the Qualifying Asset?

Manufacturing plants

Power generation facilities

Inventories requiring a substantial period of time to bring them to a saleable condition

All of the given options

Question No: 13

(Marks: 1) - Please choose one

Which of the following should not be recognized as an asset?

Patent rights

Internally Generated Goodwill

Copy rights

Prepaid expenses

Question No: 14

(Marks: 1) - Please choose one

Which of the following is **TRUE** with respect to the Periodic Inventory System?

Receipt of inventory is debited to Stock Account

Receipt of inventory is Credited to Stock Account

Receipt of inventory is debited to Purchase Account

Receipt of inventory is Credited to Purchase Account

Question No: 15

(Marks: 1) - Please choose one

If:

Then:

Direct Material Cost is Rs. 15,000

Factory overhead is Rs. 5,000

Manufacturing Cost is Rs. 30,000

What is the amount of Prime Cost?

Rs. 25,000

Rs. 20,000

Rs. 35,000

Rs. 45,000

Question No: 16

(Marks: 1) - Please choose one

According to fourth schedule of Companies Ordinance 1984, a manufacturing company made the treatment of loose tools and spare would be valued at:

Lower of cost or NRV ref: page 62 of handouts

Actual price

Market price

Cost price

Question No: 17

(Marks: 1) - Please choose one

Which one of the following IAS is related to Financial Instruments Disclosure and Presentation?

IAS 28

IAS 32

IAS 27

IAS 31

Question No: 18

(Marks: 1) - Please choose one

Which one of the following is related to the IAS 27?

Consolidated and Separate Financial Statements

Interest in Joint Venture

Financial Instruments Disclosure and Presentation

Financial Instruments Recognition and Measurement

Question No: 19

(Marks: 1) - Please choose one

Which of the following may result from an inability to sell a financial asset quickly at close to its fair value?

Price Risk

Liquidity Risk

Interest Rate Risk

Currency Risk

Question No: 20

(Marks: 1) - Please choose one

Cash in transit is shown in the balance sheet under the head of:

Fixed Assets

Current Assets

Intangible Assets

Foot Notes

Question No: 21

(Marks: 1) - Please choose one

Which of the following is shown under the heading of Stores and Spares in Balance Sheet?

Raw Materials

Work in Process

Finished Goods

Oil and Lubrication

Question No: 22

(Marks: 1) - Please choose one

Which of the following is **NOT** shown under the heading of Stores and Spares in Balance Sheet?

Oil and Lubrication

Civil Stores

Loose Tools

Doubtful Debts

Question No: 23

(Marks: 1) - Please choose one

The cost of a file is charged off as an expense, for the year in which cost is incurred even though it would still be used for more than one accounting period. This is an example of which of the following concept?

Consistency

Matching page # 50 of handouts

Going concern

Materiality

Question No: 24

(Marks: 1) - Please choose one

The purpose of the framework under IAS-Board is to:

Make sure that every organization is following its goal

Make sure that every organization is following IAS

Assist the Board of the IASB in the development of future IASs and in its review of existing IASs.

Assist the directors of the companies about the financial goal of the company

Question No: 25

(Marks: 1) - Please choose one

All of the following are assets of a firm **EXCEPT**:

A building owned by the firm

Goods in transit

Money owed to the firm by its debtors

Money which the firm has borrowed and has not yet repaid

Question No: 26

(Marks: 1) - Please choose one

Which of the following consist of money owing for goods supplied to the firm and for expenses & loans?

Assets

Capital

Liabilities

Income

Question No: 27

(Marks: 1) - Please choose one

Which of the following is an example of current liability?

Bank Overdraft

Stock

Goodwill

A loan repayable in two years

Question No: 28

(Marks: 1) - Please choose one

Which one of the following is **TRUE** with respect to the capital of a business?

Capital = Total Assets – Net Loans



Capital = Total Assets – Total Liabilities

Capital = Total Assets – Long Term Liabilities

Capital = Total Assets - Current Assets

Question No: 29

(Marks: 1) - Please choose one

Which of the following is **TRUE** for equity of a Public Limited Company?

Equity = Total Assets – Total Liabilities

Equity = Share Capital + General Reserves – Revenue Reserves

Equity = Share Capital – General Reserves + Revenue Reserves

Equity = Authorized Capital + Reserves

Question No: 30

(Marks: 1) - Please choose one

Which of the following is **TRUE** with respect to the Capital section of the balance sheet for a sole-proprietorship?

Opening Capital + New Capital + Profit for the year = Closing Capital

Closing Capital + New Capital + Profit for the year = Opening Capital

Opening Capital + Loss for the year = Closing Capital

Opening Capital + Profit for the year + Drawings = Closing Capital

Paper 3

MIDTERM EXAMINATION

FALL 2006

Marks: 40

MGT401 - FINANCIAL ACCOUNTING II (Session - 3)

Question No: 1 (Marks: 1) - Please choose one

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

▶ NGO's

▶ Trusts

▶ Societies

▶ ***All of the given options***

Question No: 2 (Marks: 1) - Please choose one

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

- ▶ 06 months
- ▶ 12 months
- ▶ 15 months
- ▶ **18 months**

Question No: 3 (Marks: 1) - Please choose one

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

- ▶ **Impairment loss**
- ▶ Residual value
- ▶ Depreciation
- ▶ Fair value

Question No: 4 (Marks: 1) - Please choose one

Which of the following are the examples of development activities?

- ▶ Design, construction and testing of pre-production models
- ▶ Design of tools, jigs moulds dies, involving new technology
- ▶ Design, construction and operation of pilot plant
- ▶ **All of the given options**

Question No: 5 (Marks: 1) - Please choose one

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

▶ **Equity**

- ▶ Cost
- ▶ Both Cost and Equity
- ▶ None of the given options

Question No: 6 (Marks: 1) - Please choose one

Costs of purchase of Inventories comprising which of the following:

- ▶ Purchase price
- ▶ Import duties and other taxes
- ▶ Transport less trade discount, rebate and other similar amounts

▶ **All of the given options**

Question No: 7 (Marks: 1) - Please choose one

Under Benchmark Treatment IAS-2, does not recommend the following method of stock valuation for incorporating its value in financial statement.

- ▶ FIFO method
- ▶ The weighted average cost method

▶ **LIFO method**

- ▶ None of the given options

Question No: 8 (Marks: 1) - Please choose one

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

▶ **Joint Venture**

- ▶ Subsidiary Companies
- ▶ Associated Companies

- ▶ None of the given options

Question No: 9 (Marks: 1) - Please choose one

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

Note: *intangible assets with indefinite useful lives should not be amortised*

Question No: 10 (Marks: 1) - Please choose one

A complete set of financial statement includes which of the followings:

- ▶ A Balance sheet and Income statement
- ▶ A statement of changes in financial position
- ▶ Notes, other statements and explanatory material

▶ ***All of the given options***

Question No: 11 (Marks: 1) - Please choose one

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

- ▶ True

▶ ***False***

Question No: 12 (Marks: 1) - Please choose one

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**

Note:

increases in economic benefits during the accounting period in the form of inflows or enhancements of assets or decreases of liabilities that result in increases in equity,

Question No: 13 (Marks: 1) - Please choose one

An item of property plant and equipment that qualifies for recognition should be initially measured at its cost.

▶ **True**

▶ False

Question No: 14 (Marks: 1) - Please choose one

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

▶ **True**

▶ False

Question No: 15 (Marks: 1) - Please choose one

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

▶ True

▶ **False**

Question No: 16 (Marks: 3)

What is the main objective for the preparation of Financial Statements?

Question No: 17 (Marks: 3)

Differentiate between Depreciation and Impairment.

Question No: 18 (Marks: 3)

How many types of relations exist among different companies?

Question No: 19 (Marks: 3)

Who is responsible for the preparation and maintenance of financial statements of a company?

Question No: 20 (Marks: 3)

What is the effect of revaluation of asset and how it is adjusted?

Question No: 21 (Marks: 10)

Explain different types of financial risks that an entity may transfer to another party while undertaking transactions in Financial Instruments?

Paper 4

MGT401 Financial Accounting II Mid Term Examination – Spring 2006

Question No. 1

Marks : 1

Generally there are two types of discounts; ___ **Trade Discounts** and ___ **Cash Discount**

Question No. 2

Marks : 1

IAS 2 ___ **Inventories** ___ are assets:

- Held for sale in the ordinary course of business;
- In the process of production for sale.

MGT401 Midterm Paperz By Yusha
Email: Yusha_f@yahoo.com
Cell: 0301-3335005
Facebook Address:
<http://www.facebook.com/fahad.yusha>

Question No. 3

Marks : 1

There is no concept of capital in:

1. Sole proprietorship
2. **NGO's / NPO's**
3. Partnership
4. Public Limited Company

Question No. 4

Marks : 1

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

Question No. 5

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

1. **Separately in the balance sheet.**
2. As indirect income in income statement
3. Added in the fixed asset
4. None of the given options

Question No. 6

Marks : 1

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:

1. Rs. 50
2. Rs. 58
3. **Rs. 60**
4. Rs. 70

Question No. 7

Marks : 3

What is balance sheet? Describe its contents.

Follow Book

Question No. 8

Marks : 1

Equity is the net balance of the total assets of the business less third party's liabilities.

Question No. 9

Marks : 1

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

Question No. 10

Marks : 1

The capital maintenance concept implies that:

- ?The capital of a business should be kept intact by not paying out dividends.
- A business should invest its profits in the purchase of capital assets.
- Fixed assets should be properly maintained.
- **Profit is earned only if the value of an organization's net assets or its operating capability has increased during the accounting period.**

Question No. 11

Marks : 1

The cost of inventories of a service provider does not consist of:

1. Costs of personnel directly engaged in providing the service
Supervisory personnel
2. Attributable overheads.
3. **Labour and other costs relating to sales**

Question No. 12

Marks : 1

Statutory Meeting is required to be held within:

1. 3 to 6 months
2. 1 to 3 months
3. 6 to 9 months
4. 9 to 12 months

Question No. 13

Marks : 3

Explain Accounting treatment of Capital in Companies.

Follow Book

Question No. 14

Marks : 3

Define Authorized Capital.

Follow Book

Question No. 15

Marks : 1

Goodwill is most appropriately classified as:

1. A fixed asset
2. **An intangible asset**
3. A fictitious liability
4. A semi-fixed asset

Question No. 16

Marks : 10

How many methods are there for Recognition of Investment in Associated Companies?

Explain each method in detail.

Follow BOK

Question No. 17

R

Marks : 1

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)

1. 16,000
2. **10,000**
3. 8,000

4. 5,000

Question No. 18

Marks : 3

How many types of Financial Risk are there in a business?

Follow Book

Question No. 19

Marks : 1

A complete set of financial statements include:

1. A balance sheet
2. A statement of changes in financial position & Notes, other statements and explanatory material.
3. An income statement
- 4. All of the given options.**

Question No. 20

Marks : 1

The main aim of accounting is to:

1. Maintain ledger accounts for every transaction.
- 2. Provide financial information to users of such information.**
3. Produce a Trial balance.
4. Record every financial transaction individually.

Question No. 21

Marks : 3

What do you understand by the term Contingent Liabilities?

Follow Book

Paper 5

Financial Accounting II (MGT401)

Midterm Examination (Spring 2007)

TIME ALLOWED: 90 Minutes

TOTAL MARKS : 40

Question No: 1 (Marks: 1) - Please choose one

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

- ▶ One
- ▶ **Two**
- ▶ Three
- ▶ Four

Question No: 2 (Marks: 1) - Please choose one

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

- ▶ Associated
- ▶ **Subsidiary**
- ▶ Joint Venture
- ▶ None of the given options

Question No: 3 (Marks: 1) - Please choose one

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

- ▶ **10%**
- ▶ 15%
- ▶ 20%
- ▶ 25%

Question No: 4 (Marks: 1) - Please choose one

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

- ▶ Research expenses
- ▶ **Development cost**
- ▶ Profit and Loss account
- ▶ None of the given options

Question No: 5 (Marks: 1) - Please choose one

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

Question No: 6 (Marks: 1) - Please choose one

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**

Question No: 7 (Marks: 1) - Please choose one

Which one of the following is the concept of the capital maintenance?

- ▶ Financial capital maintenance

- ▶ Physical capital maintenance
- ▶ ***Both Physical and Financial capital maintenance***
- ▶ None of the given options

Question No: 8 (Marks: 1) - Please choose one

Movement of capital issued and reserves are presented through which of the following statement?

- ▶ Cash flow statement
- ▶ ***Statement of changes in equity***
- ▶ Income statement
- ▶ Balance sheet

Question No: 9 (Marks: 1) - Please choose one

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

- ▶ ***Authorized capital***
- ▶ Issued capital
- ▶ Subscribed capital
- ▶ Paid up capital

Question No: 10 (Marks: 1) - Please choose one

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

- ▶ Purchase cost
- ▶ Costs of conversion
- ▶ Installation costs

▶ **All of the given options**

Question No: 11 (Marks: 1) - Please choose one

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

▶ **True**

▶ False

Question No: 12 (Marks: 1) - Please choose one

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

▶ True

▶ **False**

Question No: 13 (Marks: 1) - Please choose one

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

▶ **True**

▶ False

Question No: 14 (Marks: 1) - Please choose one

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

▶ True

▶ **False**

Question No: 15 (Marks: 1) - Please choose one

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

▶ True

▶ ***False***

Question No: 16 (Marks: 5)

State different objectives of International Accounting Standard (IAS)?

Question No: 17 (Marks: 5)

Differentiate between legal obligation and constructive obligation.

Question No: 18 (Marks: 5)

What are the effects of revaluation of asset and how it is adjusted?

Question No: 19 (Marks: 10)

State the different methods of recognition of Investment in Associate.