

1. What are the two key qualities, or characteristics, that accounting information should possess?

- A. Reliability and consistency
- B. Relevance and faithful representation
- C. Comparability and understandability
- D. Consistency and prudence

2. Enhancement of which one of the following factors is the assumed objective of a business.

- A. Sales revenue
- B. Income
- C. Increasing shareholders wealth
- D. Return on capital employed

3. Which body is responsible for setting accounting standards for large, listed UK businesses?

- A. The London Stock Exchange
- B. The Government
- C. The International Accounting Standards Board
- D. The Accounting Standards Committee

4. The _____ convention is designed to provide guidance concerning the recognition of expenses.

- A. Duality
- B. Historic cost
- C. Realisation
- D. Matching

5. Compute the present value of \$110,000, invested for four years at 6%. – 6 marks
Present value of \$1:

	5%	6%	7%	8%	9%
3	0.864	0.840	0.816	0.794	0.772
4	0.823	0.792	0.763	0.735	0.708
5	0.784	0.747	0.713	0.681	0.650
6	0.746	0.705	0.666	0.630	0.596
7	0.711	0.665	0.623	0.583	0.547

- A. \$103,097
- B. \$99,999
- C. \$87,120
- D. \$95,040

6. What is the future value of a one-time investment of \$120,000 at 4% in five years? – 6 marks

Future value of \$1:

	4%	5%	6%	7%	8%
5	1.217	1.276	1.338	1.403	1.469
6	1.264	1.340	1.419	1.501	1.587
7	1.316	1.407	1.504	1.606	1.714
8	1.369	1.477	1.594	1.718	1.851
9	1.423	1.551	1.689	1.838	1.999

- A. \$110,109
- B. \$109,008
- C. \$146,040
- D. \$405,900

7) Which of the following liabilities is created when a company receives cash for services to be provided in the future?

- A. Unearned Revenue
- B. Accrued Liability
- C. Accounts Payable
- D. Estimated Warranty Payable

8) How will you classify Shares?

- A. Equity
- B. Debt
- C. Assets
- D. Liabilities?

9) After initially recording a transaction, the data is then transferred to the _____.

- A. chart of accounts
- B. ledger
- C. trial balance
- D. journal

10) Masonry Construction Group paid \$8,000 for a plant asset that had a market value of \$10,500. At which of the following amounts should the plant asset be recorded? – 4 marks

- A. \$8,000
- B. \$2,500
- C. \$5,000
- D. \$10,000

11. Does an accounts receivable indicate that the business must pay out cash in the future?

- A. True
- B. False

12. What is the correct account title for recording rent paid in advance for office space?

- A. Prepaid Rent
- B. Rent Payable
- C. Rent Revenue
- D. Rent Expense

13. Which of the following is classified as an asset account?

- A. Salaries Expense
- B. Accounts Payable
- C. Service Revenue
- D. Prepaid Expense

14. What term describes the distribution of cash or other assets to shareholders?

- A. Dividends
- B. Unearned Revenues
- C. Salaries Expense
- D. Revenues

15. What is the difference between Management Accounting and Finance Accounting

- A. Management Accounting is for internal users and Financial accounting is for external users
- B. Management Accounting is for external users and financial accounting is internal users

16. Which of the following is not classified as property, plant, and equipment?

- A. Supplies
- B. Building
- C. Land
- D. Equipment