

[Jul-2023 Financial-Accounting-and-Reporting Exam Dumps - Free Demo & 365 Day Updates [Q50-Q70]



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The CPA Financial Accounting and Reporting Certification Exam is a computer-based test that is conducted by CPA Australia. Financial-Accounting-and-Reporting exam consists of multiple-choice questions that are designed to test the candidate's knowledge and understanding of financial accounting and reporting. Financial-Accounting-and-Reporting exam is divided into two parts, with each part consisting of three hours of testing time.

QUESTION 50

According to the IASB's Conceptual Framework, the key reason general purpose financial statements are produced is to satisfy the information needs of

- * employees.
- * management.
- * internal users.

- * capital providers.

QUESTION 51

LMN Ltd recently changed the measurement base for their assets. They should I) treat this like a change in an estimate.

II) treat this like a change in the accounting policy.

III) disclose this in the notes to financial statements.

- * I only
- * III only
- * I and III only
- * II and III only

QUESTION 52

Which one of the following is an objective of the International Federation of Accountants (IFAC)?

- * to provide advice on accounting standards to the OECD
- * to issue new international financial reporting standards (IFRS)
- * to establish high quality professional standards in accountancy
- * to provide direction to the Financial Accounting Standards Board (FASB)

QUESTION 53

The IASB evaluates the merits of adding a potential item to its agenda mainly by reference to the needs of

- * investors.
- * suppliers.
- * tax agencies.
- * regulatory authorities.

QUESTION 54

The chairperson of XYZ Company is concerned about the readability of the annual financial report that is about to be published on its website. XYZ Company is obliged to comply with International Financial Reporting Standards, and the report contains all of the required financial statements, the auditor's report, corporate governance statements, declarations of accounting policy, explanatory notes and a section that addresses the company's corporate social responsibility program.

The chairperson is wondering whether the report can be condensed. The issue that is concerning the chairperson is known as

- * information overload.
- * the cost of compliance.
- * the agency costs of monitoring.
- * the costs of social responsibility reporting.

QUESTION 55

Which one of the following is not an advantage of accounting regulation?

- * It provides quality of information in and across financial statements.
- * It provides flexibility in the way accounting information is presented to users.
- * It provides the required accounting information to all necessary shareholders.
- * It instils public confidence in the accounting system employed in commerce and industry.

QUESTION 56

Financial markets have achieved operational efficiency when

- * past records are used to predict the future prices of goods.
- * the costs of financial transactions are kept as low as possible.
- * the cost of transactions is a reflection of the actual cost incurred.
- * the price of stocks and shares are available accurately and quickly.

QUESTION 57

The concept of transparency in corporate governance means that listed companies should disclose

- * their future strategy.
- * confidential issues relating to competitors.
- * material information that affects decisions.
- * only mandatory information by management.

QUESTION 58

An agent is answerable under the contract to the agent's principal and must account for the resources of the agent's principal and the money the agent has gained working on the principal's behalf. In the context of agency, this definition describes an agent's

- * contract.
- * relationship.
- * fiduciary duty.
- * accountability.

QUESTION 59

A rules-based approach to standard setting

- * provides a broad framework for standard setting.
- * helps a standard-setting body to prioritise matters.
- * prescribes standards that attempt to cover all eventualities a business may face.
- * ensures there are no conflicts within accounting standards as each issue is handled just once.

QUESTION 60

Which one of the following includes social reporting guidelines?

- * Global Reporting Initiative (GRI)
- * International Accounting Standards (IAS)
- * Generally Accepted Accounting Principles (GAAP)
- * International Financial Reporting Standards (IFRS)

QUESTION 61

A company purchased a machine 10 years ago for \$143 890. It is expected that the machine will generate future revenues of \$108 495. The machine could be scrapped for \$81 232. An equivalent machine in the same condition would cost \$94 950 to buy now.

What is the deprival value of the asset?

- * \$35 395
- * \$81 232

- * \$94 950
- * \$108 495

QUESTION 62

The ability of a company to pay its bills when and as they fall due is a measure of

- * solvency.
- * economic value.
- * compliance with the conceptual framework.
- * the true and fair view of the financial report.

QUESTION 63

Which form of capital market efficiency exists when share prices on the stock market reflect all information whether public or not?

- * allocative efficiency
- * strong form efficiency
- * semi-strong form efficiency
- * information processing efficiency

QUESTION 64

Which one of the following is the correct treatment of sales?

- * Cash sales are recorded in the receivables ledger prior to posting to the general ledger.
- * Credit sales are recorded in the receivables ledger prior to posting to the general ledger.
- * Cash and credit sales are recorded in the receivables ledger prior to posting to the general ledger.
- * Credit sales are not recorded in the receivables ledger prior to posting to the general ledger.

QUESTION 65

Which one of the following would be included in a statement of financial position?

- * cost of sales
- * finance costs
- * retained earnings
- * proceeds from long term borrowings

QUESTION 66

Which one of these is a key principle of good corporate governance?

- * effective communication with shareholders
- * restriction of shareholders' rights in decision-making
- * effective management of the employees of the company
- * non-disclosure of directors' relationship with the company

QUESTION 67

As per the International Accounting Standards Board conceptual framework, which of the following holds the primary responsibility for preparing and presenting financial statements?

Downers

II)auditors

III)directors

- * I only
- * I and II only
- * II and III only
- * III only

QUESTION 68

Which one of the following best describes the objective of the International Financial Reporting Standards (IFRS) Foundation?

- * to co-ordinate the accounting profession on a global scale by issuing and establishing international standards
- * to develop an International regulatory framework in the national jurisdictions of countries that produce accountants
- * to guide investors who compare the financial statements of one entity in one country with those of another entity located elsewhere
- * to promote the application, convergence and use of International Financial Reporting Standards (IFRS) as a high quality reporting solution

QUESTION 69

Restrictions on the scope of a specific accounting standard are stated in

- * that specific standard.
- * the IASB's Conceptual Framework.
- * the explanatory materials provided by the AASB.
- * various Statements of Accounting Concepts (SACs) issued by the AASB.

QUESTION 70

Which one of the following statements regarding the IASB's Conceptual Framework for Financial Reporting is correct?

- * It overrides any local or international accounting standard.
- * It specifies the concepts that underlie the preparation and presentation of special purpose financial statements.
- * It specifies the concepts that underlie the preparation and presentation of general purpose financial statements.
- * It specifies the concepts that underlie the preparation and presentation of only consolidated financial statements.

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