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NEW QUESTION: 1

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

- A. confidential issues relating to competitors.
- B. material information that affects decisions.
- C. their future strategy.
- D. only mandatory information by management.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 2

PLO Advertising Ltd (PLO) buys a new stretch limousine for \$40 000. A number of individuals have expressed an interest in buying the limousine from PLO for \$60 000. The board members decide that the limousine is worth between \$65 000 and \$70 000. What is the fair value of the limousine?

- A. \$40 000
- B. \$70 000
- C. \$65 000
- D. \$60 000

Answer: (SHOW ANSWER)

NEW QUESTION: 3

Liquidity of a company is based on its ability to

- A. pay dividends to shareholders.
- B. buy back shares.
- C. meet long term commitments.

D. meet short term commitments.

Answer: D ([LEAVE A REPLY](#))

NEW QUESTION: 4

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

- A. restriction of shareholders' rights in decision-making
- B. effective communication with shareholders
- C. effective management of the employees of the company
- D. non-disclosure of directors' agency relationship with the company

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 5

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

- A. management.
- B. employees.
- C. capital providers.
- D. internal users.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 6

XYZ Ltd is listed on the Australian Securities Exchange (ASX). Which one of the following reports is the company required to prepare as a part of its annual financial report?

- A. sustainability report
- B. chairman's statement
- C. corporate governance statement
- D. management commentary

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 7

Which one of the following statements is correct?

- A. Current and non-current assets are shown as separate classifications in the statement of financial position.
- B. Assets used for long-term operations are shown under working capital in the statement of financial position.
- C. A statement of financial position explains the reasons for movement of assets and liabilities through the accounting period.
- D. Liabilities are future obligations that will cause outflow of resources embodying economic benefits.

Answer: A ([LEAVE A REPLY](#))

NEW QUESTION: 8

Which one of the following includes social reporting guidelines?

- A. Global Reporting Initiative (GRI)
- B. Generally Accepted Accounting Principles (GAAP)
- C. International Accounting Standards (IAS)
- D. International Financial Reporting Standards (IFRS)

Answer: A (LEAVE A REPLY)

NEW QUESTION: 9

Which one of the following is not an Australian Securities Exchange (ASX) principle of good corporate governance?

- A. Safeguard the environment.
- B. Promote ethical and responsible decision-making.
- C. Respect the rights of shareholders.
- D. Remunerate fairly and responsibly.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 10

Which one of the following statements is correct about using judgement in the financial reporting process?

- A. Accountants should not be allowed to use their own judgement.
- B. Use of individual judgement is required to choose between alternative methods available within accounting standards.
- C. A true and fair view cannot be assured if individual judgement is allowed.
- D. Judgement can be allowed in the statement of comprehensive income but not in the statement of financial position.

Answer: B (LEAVE A REPLY)

NEW QUESTION: 11

Which one of the following shows whether the financial statements of a company show a true and fair presentation of the financial performance of the company?

- A. Corporate Governance Statement
- B. Statement of cash flows
- C. Auditor's Report
- D. Director's Report

Answer: (SHOW ANSWER)

NEW QUESTION: 12

Which one of these is a disadvantage of a conceptual framework?

- A. It replaces the established principles.
- B. It mandates the formats of various financial statements.

C. It increases the chances of political interference in the development of accounting standards.

D. A single framework is not suitable for all users of financial statements.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 13

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

A. allocative efficiency

B. strong form efficiency

C. semi-strong form efficiency

D. information processing efficiency

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 14

Which one of the following practices is not considered creative accounting?

A. aggressive earnings management

B. trading in derivatives

C. profit smoothing

D. window dressing

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 15

According to the Australian Accounting Standards Board, which one of the following is a benefit of adopting International Financial Reporting Standards (IFRSs)?

A. to become a resource for developing nations who can easily adopt IFRSs as a full set of standards

B. to enable the national government to control activities of foreign multinationals

C. to increase foreign investors' understanding of local financial reports

D. to make it easier for tax authorities to calculate taxes on investors' overseas income

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 16

A company's financial report is compliant with International Financial Reporting Standards. Where in the report would an investor find the amount of money received by the company for investment activities?

A. statement of comprehensive income

B. statement of changes in equity

C. statement of cash flows

D. statement of financial position

Answer: ([SHOW ANSWER](#))

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NEW QUESTION: 17

The objective of the International Accounting Standards Board (IASB) is to

- A. set International Financial Reporting Standards.
- B. oversee the standard setting process and International Financial Reporting Standards Advisory Council.
- C. enforce International Financial Reporting Standards.
- D. provide strategic advice to the International Financial Reporting Standards Advisory Council.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 18

Financial markets have achieved operational efficiency when

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

Answer: C (LEAVE A REPLY)

NEW QUESTION: 19

Which one of the following is an advantage of current purchasing power accounting?

- A. It supposes that value of net assets clearly reflects general goods and services are bought once assets were released.
- B. It provides a stable monetary unit that values profit and capital.
- C. It enables raw data to be just easily verifiable but not auditable.
- D. It provides a clear use of indices which approximates the measurement of value.

Answer: (SHOW ANSWER)

NEW QUESTION: 20

Which of the following statements are correct in the context of accounting concepts and principles?

I)The going concern assumption requires that assets be carried at their cost values.

II)Prudence allows the creation of contingency reserves and more generous provisions.

III)Financial information is considered complete even if it excludes non-material information.

IV)Understandability does not require complex information to be excluded from financial reports.

A. I and III only

B. II and IV only

C. III and IV only

D. II and III only

Answer: C ([LEAVE A REPLY](#))

NEW QUESTION: 21

A statement of generally accepted theoretical principles which form the frame of reference for financial reporting refers to the

A. Generally Accepted Accounting Principles.

B. Conceptual Framework.

C. Regulatory Framework.

D. International Financial Reporting Standards.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 22

Which one of the following situations would result in either a new liability being recognised or an existing liability being increased?

A. A company pays only half of an overdue invoice.

B. At the end of the reporting period, there are unpaid wages.

C. A company establishes an asset revaluation reserve.

D. A company recognises the depreciation expense for the current period.

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 23

Which one of the following bases of measurement is used to implement an approach to capital maintenance based on maintaining the operating capability of a business?

A. current value

B. deprival value

C. fair value

D. current purchasing power

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 24

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

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

Answer: B ([LEAVE A REPLY](#))

NEW QUESTION: 25

Which one of the following describes the key advantage of the manual system of accounting?

- A. Corrections are easily managed as updating or recreating the whole document is not difficult.
- B. Processing is maintained at a reasonable speed even while dealing with large volumes of data.
- C. The quality of output is not necessarily an issue.
- D. A thorough understanding of the business can be gained through it.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 26

Historical cost accounting provides financial information that is

- A. relevant and reliable for decision making.
- B. relevant but may not be reliable for decision making.
- C. reliable but may not be relevant for decision making.
- D. relevant for decision making.

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 27

The use of the principle of substance over form is found in which one of the following accounting treatments?

- A. accounting for non-current assets
- B. accounting for inventories
- C. accounting for finance leases
- D. accounting for property, plant and equipment

Answer: ([SHOW ANSWER](#))

NEW QUESTION: 28

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

- A. to provide advice on accounting standards to the OECD
- B. to establish high quality professional standards in accountancy

- C. to provide direction to the Financial Accounting Standards Board (FASB)
- D. to issue new international financial reporting standards (IFRS)

Answer: B (LEAVE A REPLY)

NEW QUESTION: 29

In applying accounting standards, an entity develops accounting policies that ensure that the financial statements present

- A. relevant and reliable financial information.
- B. relevant and correct financial information to all interested shareholders.
- C. comparable and accurate financial information to all shareholders.
- D. understandable and clear financial information to all interested shareholders.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 30

Which one of the following is a benefit of developing financial reporting standards using a conceptual framework?

- A. The interpretation of financial reporting standards by anybody would be easy.
- B. The interpretation of non-financial information is made easier.
- C. A financial reporting environment based on standardised principles would be created.
- D. The financial statements based on these standards would be error-free.

Answer: C (LEAVE A REPLY)

NEW QUESTION: 31

In the context of a regulatory framework, a principles-based system

- A. provides a theoretical basis with broad terms of reference.
- B. is a rule-driven approach.
- C. attempts to cover specific eventualities.
- D. removes any element of judgement by providing clear requirements.

Answer: A (LEAVE A REPLY)

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NEW QUESTION: 32

According to IASB's Conceptual Framework, an expense is a decrease in economic benefits in the form of

- I.
outflows.
- II.
decreases of assets.
- III.
incurrences of liabilities.
- IV.
contributions to equity holders.

- A. I, II and IV only
- B. I, II and III only
- C. I, III and IV only
- D. II, III and IV only

Answer: (SHOW ANSWER)

NEW QUESTION: 33

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

- A. depreciation
- B. gains on property valuations
- C. deferred tax
- D. distribution costs

Answer: C (LEAVE A REPLY)

NEW QUESTION: 34

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

- A. solvency.
- B. compliance with the conceptual framework.
- C. economic value.
- D. the true and fair view of the financial report.

Answer: A (LEAVE A REPLY)

NEW QUESTION: 35

Current cost accounting reflects an approach to capital maintenance based on maintaining which one of the following?

- A. cost of assets in the business
- B. financial capability of the business
- C. profitability of the business
- D. operating capability of the business

Answer: D (LEAVE A REPLY)

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