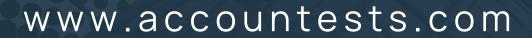


CORPORATE NON-CPA LEVEL

Example Questions







Example Question

Your company has delivered goods to a customer on the 10th of the month.

Payments is due is 7 days.

The customer always pays on time.

What is the journal entry?

A Dr Bank (Cash) / Cr Sales

Dr Bank (Cash) / Cr Sales and Dr Cost of Sales / Cr Inventory

C Dr Receivables / Cr Sales

Dr Receivables / Cr Sales and Dr Cost of Sales / Cr Inventory

Dr Inventory / Cr Sales and Dr Cost of Sales / Cr Receivables

Answer

Dr Receivables / Cr Sales and Dr Cost of Sales / Cr Inventory

Sale recorded to receivables (Dr Receivables / Cr Sales). Inventory reduced by the product delivered (Dr Cost of Sales / Cr Inventory).

- A Dr Bank (Cash) / Cr Sales
- Dr Bank (Cash) / Cr Sales and Dr Cost of Sales / Cr Inventory
- C Dr Receivables / Cr Sales
- Dr Receivables / Cr Sales and Dr Cost of Sales / Cr Inventory
- Dr Inventory / Cr Sales and Dr Cost of Sales / Cr Receivables

Example Question

An asset has a cost of \$100,000, and an estimated useful life of 5 years.

What is first year depreciation amount using a Straight Line method?

A \$18,000

B \$9,000

C \$20,000

D \$22,500

E \$22,950

\$18,000

Depreciable base is \$90,000 (\$100,000 - \$10,000).

First year depreciation \$90,000/5 = \$18,000

A \$18,000

\$9,000

C \$20,000

D \$22,500

E \$22,950

Example Question

You have completed the monthly financials and the gross margin value looks low.

Which of these options would NOT be a possible cause?

- A marketing initiative means you are selling a high volume product below cost
- There is high demand for a particular product due to a popular TV series. The margin on these products is the same as the target margin
- One customer returned a large order for full credit as they could no longer afford to pay for the goods
- Product recall required on one product
- Month end inventory count missed an entire section of inventory

There is high demand for a particular product due to a popular TV series. The margin on these products is the same as the target margin

This answer indicates higher than expected sales, with each sale producing a normal gross margin.

This won't explain a gross margin fall.

- A marketing initiative means you are selling a high volume product below cost
- There is high demand for a particular product due to a popular TV series. The margin on these products is the same as the target margin
- One customer returned a large order for full credit as they could no longer afford to pay for the goods
- Product recall required on one product
- Month end inventory count missed an entire section of inventory

Example Question

You have completed a cashflow forecast for your business, which shows it will likely exceed its banking facility limits.

Which of the options will NOT help?

- A Introducing automation to credit collection process
- B Reducing inventory holding requirements
- Offering discounts for early payment from customers
- Obtain extended credit terms from suppliers
- E Updating inventory valuation policy

Updating inventory valuation policy

Changing inventory valuation basis will have an effect on profitability but no effect on cash invested in inventory

- A Introducing automation to credit collection process
- B Reducing inventory holding requirements
- Offering discounts for early payment from customers
- Obtain extended credit terms from suppliers
 - E Updating inventory valuation policy

Thanks for your interest in the Corporate Non-CPA Level Test

Example Questions

Return to the website to purchase a test <u>here</u>

Still not sure? Check out the Which Test Table