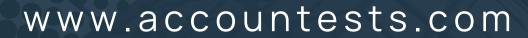


## VIRTUAL CONTROLLER

**Example Questions** 







Example Question

Your clients 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 to record the sale?

A Dr Cash / Cr Sales

Dr 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 Cash / Cr Sales
- Dr 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

2

An asset has a cost of \$100,000 and an estimated useful life of 5 years. What is the second year depreciation amount using a straight line method?

**A** \$20,000

**B** \$22,950

**C** \$16,000

**D** \$22,500

**E** \$40,000

\$20,000

Depreciable base is \$100,000. Second year depreciation is \$100,000/5 = \$20,000

**A** \$20,000

**B** \$22,950

**C** \$16,000

**D** \$22,500

**E** \$40,000

Example Question

3

You have completed the monthly financials for a client and the gross margin amount 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 social media campaign. The margin on these products is the same as 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 stocktake missed an entire section of inventory

There is high demand for a particular product due to a popular social media campaign. The margin on these products is the same as 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 social media campaign. The margin on these products is the same as 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 stocktake missed an entire section of inventory

Example Question

4

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

Which of the options will NOT help?

- Introducing automation to credit collection process
- 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
- 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

## Virtual Controller Test

**Example Questions** 

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

Still not sure? Check out the Which Test Table