



VCE & PDF

PassApply.com

<https://www.passapply.com/financial-accounting-and-reporting.html>
2024 Latest passapply FINANCIAL-ACCOUNTING-AND-REPORTING PDF
and VCE dumps Download

FINANCIAL-ACCOUNTING-AND-REPORTING^{Q&As}

Certified Public Accountant (Financial Accounting & Reporting)

Pass Test Prep FINANCIAL-ACCOUNTING-AND-REPORTING Exam with 100% Guarantee

Free Download Real Questions & Answers **PDF** and **VCE** file from:

<https://www.passapply.com/financial-accounting-and-reporting.html>

100% Passing Guarantee
100% Money Back Assurance

Following Questions and Answers are all new published by Test Prep
Official Exam Center



VCE & PDF

PassApply.com

<https://www.passapply.com/financial-accounting-and-reporting.html>
2024 Latest passapply FINANCIAL-ACCOUNTING-AND-REPORTING PDF
and VCE dumps Download

- ⚙️ **Instant Download** After Purchase
- ⚙️ **100% Money Back** Guarantee
- ⚙️ **365 Days** Free Update
- ⚙️ **800,000+** Satisfied Customers





QUESTION 1

Which of the following is a generally accepted accounting principle that illustrates the practice of conservatism during a particular reporting period?

- A. Capitalization of research and development costs.
- B. Accrual of a contingency deemed to be reasonably possible.
- C. Reporting investments with appreciated market values at market value.
- D. Reporting inventory at the lower of cost or market value.

Correct Answer: D

Choice "d" is correct. The rule of conservatism states that revenues and gains should be recognized when the earnings process is complete, but that expenses and losses should be expensed immediately. Reporting inventory at the lower of cost or market requires the recording of a loss on inventory when market is lower than cost in the period the loss is sustained, rather than when the inventory is sold, consistent with the rule of conservatism. Choice "a" is incorrect. Because the future benefits of RandD costs are questionable, these cost should be expensed immediately, consistent with the rule of conservatism and the matching principle. Choice "b" is incorrect. The rule of conservatism only requires the accrual of "probable" losses. The accrual of a reasonably possible loss is not required and the accrual of any contingent gain, whether probable, reasonably possible, or remote, is prohibited. Choice "c" is incorrect. The reporting of marketable securities with appreciated values at market value requires the recording of a gain on the asset before the gain is realized. This contradicts the rule of conservatism, but is allowed because fair value is a more relevant measure of the value of marketable securities.

QUESTION 2

Which of the following facts concerning fixed assets should be included in the summary of significant accounting policies?

<u>Depreciation method</u>	<u>Composition</u>
No	Yes
Yes	Yes
Yes	No
No	No

- A. Option A
- B. Option B
- C. Option C
- D. Option D

Correct Answer: C

Choice "c" is correct. Yes - No.



Yes - "Depreciation methods" should be disclosed in the "summary of significant accounting policies."

No - Composition of fixed assets (or any other account) should not be disclosed in the "summary of significant accounting policies."

QUESTION 3

FASB's conceptual framework explains both financial and physical capital maintenance concepts. Which capital maintenance concept is applied to currently reported net income, and which is applied to comprehensive income?

<i>Currently reported net income</i>	<i>Comprehensive income</i>
A. Financial capital	Physical capital
B. Physical capital	Physical capital
C. Financial capital	Financial capital
D. Physical capital	Financial capital

A. Option A

B. Option B

C. Option C

D. Option D

Correct Answer: C

Choice "c" is correct. Financial capital - Financial capital.

Financial capital maintenance is considered to be an element of both "currently reported net income" and "comprehensive income." This was a rare instance in which this type of information was asked on the exam.

QUESTION 4

Which of the following accounting pronouncements is the most authoritative?

A. FASB Statement of Financial Accounting Concepts.

B. FASB Technical Bulletin.

C. AICPA Accounting Principles Board Opinion.



D. AICPA Statement of Position.

Correct Answer: C

Choice "c" is correct. The AICPA accounting principal board opinion (APBO) is a first floor (category A) of established accounting principle pronouncements. Choice "a" is incorrect. FASB statement of financial accounting concepts (SFAC or FACs) is a fifth floor (other accounting literature) category. Choice "b" is incorrect. FASB technical bulletins are a second floor (category B) accounting pronouncement. Choice "d" is incorrect. AICPA statement of position is a second floor (category B) accounting pronouncement.

QUESTION 5

Which of the following factors determines whether an identified segment of an enterprise should be reported in the enterprise's financial statements under SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information?

I. The segment's assets constitute more than 10% of the combined assets of all operating segments.

II.

The segment's liabilities constitute more than 10% of the combined liabilities of all operating segments.

A.

I only.

B.

II only.

C.

Both I and II.

D.

Neither I nor II.

Correct Answer: A

Choice "a" is correct. For segment reporting, if an identified segment's assets constitute more than 10% of the combined assets of all operating segments, the segment should be reported. The same rule does not apply for the segment's liabilities. The candidate does have to remember the 10% and also the 10% of "what."

Choice "b" is incorrect. For segment reporting, if an identified segment's assets constitute more than 10% of the combined assets of all operating segments, the segment should be reported. The same rule does not apply for the segment's liabilities.

Choice "c" is incorrect. For segment reporting, if an identified segment's assets constitute more than 10%



of the combined assets of all operating segments, the segment should be reported. The same rule does not apply for the segment's liabilities, so the correct answer cannot be "Both."

Choice "d" is incorrect. For segment reporting, if an identified segment's assets constitute more than 10% of the combined assets of all operating segments, the segment should be reported. The correct answer cannot be "Neither."

[Latest FINANCIAL-ACCOUNTING-AND-REPORTING Dumps](#)

[FINANCIAL-ACCOUNTING-AND-REPORTING Study Guide](#)

[FINANCIAL-ACCOUNTING-AND-REPORTING Exam Questions](#)