

Financial Accounting

201_/201_
GAi

Mid-term Assessment

November 5, 2011

Notes

A – The test must be individually done. Any behavior that undermines individual assessment will be penalized and the test will eventually be nullified.

B – Only simple math calculators are permitted.

Information about the test

C - Choose only one answer for each question and indicate with X the chosen answer on the answer sheet.

D - Each correct answer is worth 1 point.

E - Wrong answers are penalized by 0.25 point.

F – If a question is not answered, it will have no penalization.

F - Multiple answers to the same question are considered as wrong answer.

G - Just are considered written responses on the answer sheet.

1 Which of the following do not belong to the set of financial statements that must be presented to external users:

- a. Income Statement
- b. Notes
- c. Statement of Cash Payments
- d. Statement of Financial Position

2 The objective of financial statements is:

- a. To compute the amount of taxes payable to the State
- b. To resume business transaction occurred within the year
- c. To provide useful information about the business to investors, creditors and other interested parties
- d. To send information about financial position to the stock exchange

3 Bearing in mind the management of the business, financial statements:

- a. Enable to know the company's strategy
- b. Identify the money spent and the money generated by the company's operational activities
- c. Provide critical information to the making decisions process
- d. Provide information about the market value of the company

4 The entity that has the power to develop IAS/IFRS is:

- a. The European Parliament
- b. IASB - International Accounting Standards Board
- c. CNC – Comissão de Normalização Contabilística
- d. GAAP – Generally Accepted Accounting Principles

5 The common characteristic possessed by all assets is:

- a. Generate useful economic benefits during a period higher than one year
- b. Have a high cost of acquisition
- c. Have a current nature
- d. Be controlled by the company

6 Shareholder's Equity can be described as:

- a. Creditor's claims against the company's assets
- b. Contributions by shareholders, retained earnings and net income
- c. Retained earnings and other reserves
- d. Company's resources

7 As of 31 December, 2010, company K has industrial equipment of EUR 100,000, goods worth EUR 20,000, EUR 500,000 of bank loans, and debts payable to the State of EUR 5,000. The total of the Assets and the total of the Liabilities at December 31, 2010 are:

- a. Assets = EUR 115.000; Liabilities = EUR 500.000
- b. Assets = EUR 125.000; Liabilities = EUR 500.000
- c. Assets = EUR 120.000; Liabilities = EUR 495.000
- d. Assets = EUR 120.000; Liabilities = EUR 505.000

8 Examples of current assets are:

- a. Inventories, cash and warehouse of raw materials;
- b. Accounts payable within one year;
- c. Cash and finished goods;
- d. Cash, trademarks and inventories

9 Company T the following resources and obligations: Patent - EUR 10,000; Cash - EUR 15,000; Inventories - EUR 20,000; Accounts payable to suppliers - EUR 5000, and; Accounts receivables from customers - EUR 1,000. The value of non-current assets that must be reported on the balance sheet is:

- a. Eur 46.000
- b. Eur 10.000
- c. Eur 41.000
- d. Eur 30.000

10 During the year company F presented the following information: sales to foreign markets EUR - 50,000; sales to the domestic market - EUR 100,000; Equipment EUR - 200,000; electrical energy consumption EUR - 10,000; long term loans EUR - 60,000; cost of goods sold - 80,000 EUR. The amount of the Net Income for the period is:

- a. Eur 150.000
- b. Eur 80.000
- c. Eur 30.000
- d. Eur 60.000

11 In October 2010 company L acquired a fixed tangible asset for 100 000 EUR. It paid 60% in cash immediately and agreed to pay the remaining balance on 1 December, 2010. "Fixed Tangible Assets" account must have the following book entry:

- a. Credit Eur 60.000
- b. Debit Eur 100.000
- c. Credit Eur 100.000
- d. Debit Eur 60.000

12 **The “Accounts payable to suppliers” account:**

- a. Is credited by increases
- b. Is debited by increases
- c. Has debit balance
- d. Is an asset account

13 **Net income for the period is a common element to the following financial statements:**

- a. Balance sheet and Statement of cash flows
- b. Income statement and Statement of cash flows
- c. Balance sheet and Income statement
- d. Income statement of and Notes to the financial statements

14 **The Notes to the financial statements:**

- a. Display a summary of key business events that occurred during the period.
- b. Examine the development of the company's key financial indicators.
- c. Consist of notes that complement the information contained in the others financial statements.
- d. Report detailed information on the balance sheet items.

15 **In early 2011 the Cash account had an outstanding balance of EUR 10,000. During the year 2011 payments of EUR 15,000 were made and receipts EUR 40,000 were collected. At the end of 2011 the Cash account shows:**

- a. Credit balance EUR 25.000
- b. Debit balance EUR 15.000
- c. Debit balance EUR 35.000
- d. Credit balance EUR 35.000

16 **Company's D balance sheet in early 2010 has assets amounting to EUR 500,000 and liabilities in the amount of EUR 350,000. During 2010 there were the following transactions: i) acquisition of buildings for cash - EUR 100,000; ii) obtained a bank loan - EUR 300,000; iii) acquisition of office equipment on credit - EUR 50,000. What is the total of assets of this company after these transactions have been recorded?**

- a. Eur 800.000
 - b. Eur 850.000
 - c. Eur 950.000
 - d. Eur 650.000
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Answer to Questions 17 and 18 based on the following information:

Paladium company presents the following elements of information resulting from the year 2010 activity (in euros→ Shareholders' Equity: 80.000; Current assets: 70.000; Liabilities: 120.000; Capital: 50.000; Cash 25.000; change/variation on cash: (10.000); Net income for the period: 20.000

17 What is the value of non-current assets at the end of 2010?

- a. Eur 50.000
- b. Eur 70.000
- c. Eur 200.000
- d. Eur 130.000

18 What was the amount of cash at the end of the previous year - 2009?

- a. Eur 35.000
 - b. Eur 15.000
 - c. Eur 10.000
 - d. Eur 25.000
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Answer to Questions 19 and 20 based on the following information:

In 2010 company Z acquired a machine for EUR 100,000 prompt payment, received from customers EUR 200,000, paid to suppliers EUR 150,000, obtained a bank loan of EUR 200,000 and paid dividends to shareholders of EUR 10,000.

19 What was the variation that occurred in the cash account in 2010:

- a. Eur 150.000
- b. Eur 50.000
- c. Eur 140.000
- d. Eur 90.000

20 What was the value of the cash flow resulting from financing activities in 2010?

- a. Eur 210.000
- b. Eur 190.000
- c. Eur (200.000)
- d. Eur (210.000)