

**ARBAMINCH UNIVERSITY: SAWLA CAMPUS**

**COLLEGE OF COMMERCE AND BUSINESS ADMINISTRATION**

**DEPARTMENT OF COOPERATIVE ACCOUNTING AND AUDITING**

**3RD YR REGULAR PROGRAM**

Course Name: Financial Accounting-II

Time allowed: 2:00 Hrs Weight (50 MARKS)

Exam Type: Final

Instructor : Daniel.T Date -/05/2012

Student’s Name--------------------------------------------------------------------

IDno--------------------------------Section----------- Signiture--------------

INSTRAUCTIONS

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**PART I. WRITE TRUE IF THE STATEMENT IS TRUE &WRITE FALSE IF THE STATEMENT IS FALSE(1PT EACH).**

1. Depreciable base is the result of cost less estimated residual value .

2. To accountants, depreciation is the matter of valuation as well as the means of cost allocation.

3. Floods and earthquakes damage the economic life of plant assets.

4. The costs of acquiring and developing natural resources is allocated to expenses through a process of amortization.

5. The capitalization of interest is not going to end when the asset is completed and ready for use.

6. Current liabilities refer to the obligations that dis-settled with in one operating cycle.

7. Definitely measurable liability shows the amount of an obligation and its due date are known with reasonable certainty.

8. Trade accounts payable resulted from purchases of goods and services on account.

**PART-II. CHOICES (1.5 PT EACH)**

9. Capital expenditures could be categorized (classified) as------------------------------------

A) Expense &Cost B) Addition& Improvement C) Impairment& Addition D) All

10.If the capital expenditure extends the economic life of the plant assets, it should be debited to;

A) Accumulated depreciation B) Depreciation expense

C) Account payable D) Account recievable

11.Which one is not the mode of disposing a plant asset?

A) Retiring B) Selling C) Exchanging D) None

12.Assume that if you improve the efficiency of plant assets by using capital expenditure without prolonging, its economic life is----to the plant asset and-----over the remaining economic life of the asset.

A) Depreciated and Debited B) Debited and Depreciated

C) Credited and Debited D) All

13.At the present market study the exchange could be carried out with---------------------------

A) Similar plant assets B) Heterogeneous plant asset

C) Dissimilar plant asset D) All

14.The statement said the amount of insurance carried on an asset should never exceedthe current fair value of the asset, because—­­­­­

A) The amount recovered never less than the current fair value of the asset

B) The amount recovered never underreaches the current fair value of the asset

C) The amount recovered never exceeds the current fair value of the asset

D) A&B

15.--Is the estimated amount that will be received at the time when the asset is sold.

A) Expense D) Cost C) Depreciation D) Net value

16.----Means replacing short-term debt with either long-term debt or replacing the short-term debt with other short-term debt for more than one operating cycle from the date of the balance sheet.

A) Profit B) Cost C) Refinancing D) Current liability

17.Assume that, ABC company employed you as an accountant to perform any business activities and if a new member asked you a question about definition of liability what will be your answer?

A) It is a duty that come into existence as a result of past contractual commitments

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D) All

18.Mr.A alone runs his business activities in Sawla town to be competent with Mr. B&C partners in the same area . Therefore, which one is not asked to report income tax liabilities in the balance sheet?

A) Mr.A B) Mr.B&C C) A &B D) None

19. Notice that if the Afar regional state offers a land to Kokeb PLC with current fair value of Br. 1,000,000 as an incentive to invest, in return Kokeb Plc is going to create a job opportunity for 100 individuals. Which item is recorded to debit account and credit account respectively ?

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20.Assume if the machinery was purchased for Br. 500, 000 with the useful life of 12 years

regardless of scrap value and if the machinery retired without proceed after ten and half year of

services, then the amount ofloss on retirements is ?

A) 62000 B) 750000 C) 600000 D) 62500

21.From the above question no 20 the amount of accumulated depreciation is------------

A) 500,000 B) 80,000 C) 45,000 D) 437,500

22 .Physical -------- results largely from wear and tear from use and the forces of nature.

A) Depreciation B) Detrioration C) Account D) Ledger

**PART III .MATCHING ITEMS ‘A’ WITH ITEM ‘B’(1PT EACH)**

**A B**

23.Land A) Bundle of future services

24.Amortization B) Asset

25.Natural resources C) Assumes that depreciation is a function of use

26.Depreciable plant asset D) Depletion

27.Real account E) Non-depreciable asset

28.Units-of-output method F) Both gains and losses are fully recognized

29.Dissimilar plant assets G) Used to allocate the costs of intangible assets

30.Addition H) An extension of existing asset

I) Expense

**IV.FILL BLANK SPACES(1PT EACH)**

31.**-------------------------------**Are sold by retail stores to provide merchandise on some later date.

32.----Is sum of money added to person’s wages as a reward for his or her good job performance.

33. Broadly operational long-term assets are divided into --------------------- and ---------------------

**V.WORKOUT(TOTAL MARK=10)**

34.Assume that if Gift Trading has a bonus plan in which marketing staff receives 30% of the income over Br 40, 000 earned by the business. Income for the business amounted to Br 100, 000 before the bonus and income taxes. The income tax rate is assumed to be 40%. Based on this data Calculate the bonus expenses for Gift Trading under each of the following assumptions.

**A**. Income before income taxes and bonus (1 pt),

**B**. Income after bonus but before income taxes (2 pt)

**C**. Income after bonus and income taxes (i.e. Net income income (4pt)

**D**.Record the journal entry in all three cases (3 pt)

**FINAL EXAM ANSWER SHEET**

**PART-I. TRUE OR FALSE ITEM**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. |

**PART-II CHOICES ITEM**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. |
| 19. | 20. | 21. | 22. |

**PART-III MATCHING ITEM**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 23. | 24. | 25. | 26. | 27. | 28. | 29. | 30. |

**PART-IV FILL BLANK SPACES**

31.-----------------------------------------------------------------------------------------------------------

32.---------------------------------------------------------------------------------------------------------

33.-----------------------------------------------------------------------------------------------------------

**V.WORKOUT STARTS FROM HERE**

**34.**



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2. Shortage of capital is a factor responsible for over capitalized state of a company.

3. Maintenance of building and equipment is an example of operational cost.

4. The balance sheet provides a better measure of the operation's performance and profitability.

5. Financial analysis is the assessment of firm's past, present and future financial condition.

6. Static analysisis the most widely used financial statement analysis technique.

7. Solvency is a firm’s ability to pay short-term debt as they come due.

8. Balanced capital structure is an ideal combination of borrowed and owned capital that may attain the marginal goal.

**PART-II CHOICES (1.5 PT EACH)**

9. Regarding to the concept of balanced capital structure the market value will be maximized or the cost of capital will be minimized when the real cost of each source of funds is---------------

A) The same B) Difference C) Less D) High

10. Like banks, savings and credit cooperatives introduced fixed deposits for which members can receive a guaranteed rate of interest if the funds are deposited for----

A) Un-decided term B) A set term C) Saving term D) Limited term

11. Take yourself as the owner of co-operative society and if you invest the investment in what you call this investment ?

A) Contribution capital B) Dividend capital C) Member's share capital D) Owner’s capital

12.The balance sheet is a financial statement that helps to communicate the ------- of a business.

A) Revenue B) Withdraws C) Financial analysis D) Financial position

13. Assume that if the primary SACCOs is organized in Sawla zone based on the interest of all members inorder to save and credit some loans , what do you learn from this statement?

A) It is voluntarily formed society B) It is involuntarily formed society

C) It is the modern compulsory society D) All

14. Assume that if Addiss Hiwot society can’t pay back its bad debt /loans to the creditors then, the members who engaged in are liable to pay individually. This refers to the character of--

A) Corporate form of business organization B) Partner ship form of business organization

C) Sole proprietor form of business organization D) B and C

15.Notice that,as XYZ organization existed in Addiss now a day has birr,20122012 of current assets and birr 101010 of current liabilities for year 2019. So what is the current ratio for year 2019?

A) 201.5 B) 15.98 C) 99.9 D) 199.2

16.Which statement is wrong about gross profit margin/percentage of sales?

A) It helps to compute the margin earned by the firm before incurring manufacturing cost.

B) It indicates management effectiveness in pricing policy and controlling production costs.

C) It is calculated as dividing gross profit to net sales.

D) None

17.How long year an individual must exist in SACCO as a member to take loan from the society?

A) Two years B) Six months C) One year D) Three months

18. Which statement is true about the Operating Profit Margin’s concept?

A) It is calculated by dividing the net operating profits by net sales

B) It is calculated by dividing amount of net sales for the period to average fixed assets

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D) All

19.Which one is not the function of a rural SACCO society?

A) Reconciliations B) Non-education and training

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20.----- Are costs that directly related to the volume of production or services with in one organization.

A) Flexible costs B) Changeable costs C) Variable costs D) All

21.-----Is an other measure of profitability of a firm from the point of view of the ordinary shareholders.

A) Break-even analysis B) Return on Equity ratio C) Earnings per share D) All

22.**-------------------------** Indicates the number of days inventory is kept before it is sold to customers.

A) Horizontal analysis B) Vertical analysis C) Average age of inventory D) B&C

**PART III: MATCHING ITEMS’A’ WITH ITEM ‘B’(1PT EACH)**

**A B**

23. Loans to members A) privileges

24. Statutory Reserve B)Loans overdue

25. Credit Terms C) asset management

26. Internal Source D) Real account

27. Portfolio report E) Expense

28.Income Statement F) major application

29. Activity ratios G) Nominal account

30. The Balance SheetH) Created by law

I) Share Capital contributions from members

**IV.FILL BLANK SPACES(1PT EACH)**

**31.------** Is an important aspect of saving and credit cooperatives in one area.

**32.----**--Isapplied when a financial analyst evaluates performance of a firm over time.

*33.--------*Refers to that state of affairs where earning of the corporation do not justify the amount of the capital invested in the business.

**V. DISCUSSIONS**

34. List and discuss the three types of reserve funds clearly with good hand writing (4pt)

35.Write the difference between Over-capitalized and Under-capitalized state of company properly with good handwriting (3pt)

36. List and discuss the factors affecting capital structure in saving and credit cooperative society

(3pt)

**FINAL EXAM ANSWER SHEET**

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|  |  |  |  |  |  |  |  |
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31.-----------------------------------------------------------------------------------------------------------

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**V.DISCUSSION**

34.

35.

36.



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**I**. Income before income taxes and bonus (2pt), **II**. Income after bonus but before income taxes (3pt) and  **III**. Income after bonus and income taxes (i.e. Net income income (5pt)

**FINAL EXAM ANSWER SHEET**

**PART-I. TRUE OR FALSE ITEM**

|  |  |  |  |  |  |  |  |
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| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. |

**PART-II CHOICES ITEM**

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**PART-III MATCHING ITEM**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
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**PART-IV FILL BLANK SPACES**

31.-----------------------------------------------------------------------------------------------------------

32.---------------------------------------------------------------------------------------------------------

33.-----------------------------------------------------------------------------------------------------------

**V.WORKOUT AND DISCUSSION CONTINUE FROM HERE**

**34.I**

**II.**

**III.**



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**3rd yr regular program**

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**A B**

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**V. DISCUSSION**

34. List and discuss the three types of reserve funds clearly with good hand writing (4pt)

35. Write down the basic issues that you understood from the course SACCO (2pt)

**VI. WORKOUT**

36. Assume that Y university has the total current assets of br.3,300 and the least liquid assets of br.2,200 as well as the total current liabilities of br.10,000. What is the acid-test ratio of Y University? (4PT)

**FINAL EXAM ANSWER SHEET**

**PART-I. TRUE OR FALSE ITEM**

|  |  |  |  |  |  |  |  |
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**V.WORKOUT DISCUSSION**

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35.

**VI.WORKOUT**

36.



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1. Depreciable base is the result of cost less estimated residual value .

2. To accountants, depreciation is the matter of valuation as well as the means of cost allocation.

3. Floods and earthquakes damage the economic life of plant assets.

4. The costs of acquiring and developing natural resources is allocated to expenses through a process of amortization.

5. The capitalization of interest is not going to end when the asset is completed and ready for use.

6. Current liabilities refer to the obligations that dis-settled with in one operating cycle.

7. Definitely measurable liability shows the amount of an obligation and its due date are known with reasonable certainty.

8. Trade accounts payable resulted from purchases of goods and services on account.

**PART-II. CHOICES (1.5 PT EACH)**

9. Capital expenditures could be categorized (classified) as------------------------------------

A) Expense &Cost B) Addition& Improvement C) Impairment& Addition D) All

10.If the capital expenditure extends the economic life of the plant assets, it should be debited to;

A) Accumulated depreciation B) Depreciation expense

C) Account payable D) Account recievable

11.Which one is not the mode of disposing a plant asset?

A) Retiring B) Selling C) Exchanging D) None

12.Assume that if you improve the efficiency of plant assets by using capital expenditure without prolonging, its economic life is----to the plant asset and-----over the remaining economic life of the asset.

A) Depreciated and Debited B) Debited and Depreciated

C) Credited and Debited D) All

13.At the present market study the exchange could be carried out with---------------------------

A) Similar plant assets B) Heterogeneous plant asset

C) Dissimilar plant asset D) All

14.The statement said the amount of insurance carried on an asset should never exceedthe current fair value of the asset, because—­­­­­

A) The amount recovered never less than the current fair value of the asset

B) The amount recovered never underreaches the current fair value of the asset

C) The amount recovered never exceeds the current fair value of the asset

D) A&B

15.--Is the estimated amount that will be received at the time when the asset is sold.

A) Expense D) Cost C) Depreciation D) Net value

16.----Means replacing short-term debt with either long-term debt or replacing the short-term debt with other short-term debt for more than one operating cycle from the date of the balance sheet.

A) Profit B) Cost C) Refinancing D) Current liability

17.Assume that, ABC company employed you as an accountant to perform any business activities and if a new member asked you a question about definition of liability what will be your answer?

A) It is a duty that come into existence as a result of past contractual commitments

B) It is an obligation that come into existence as a result of capital paid on cash

C) It is non- burden that come into existence as a result of present contractual commitments

D) All

18.Mr.A alone runs his business activities in Sawla town to be competent with Mr. B&C partners in the same area . Therefore, which one is not asked to report income tax liabilities in the balance sheet?

A) Mr.A B) Mr.B&C C) A &B D) None

19. Notice that if the Afar regional state offers a land to Kokeb PLC with current fair value of Br. 1,000,000 as an incentive to invest, in return Kokeb Plc is going to create a job opportunity for 100 individuals. Which item is recorded to debit account and credit account respectively ?

1. Cash and Liability B) Land and Donated Capital C) Revenue and Donated capital D)All

20.Assume if the machinery was purchased for Br. 500, 000 with the useful life of 12 years regardless of scrap value and if the machinery retired without proceed after ten and half year of services, then the amount ofloss on retirements is ?

A) 62000 B) 750000 C) 600000 D) 62500

21.From the above question no 20 the amount of accumulated depreciation is------------

A) 500,000 B) 80,000 C) 45,000 D) 437,500

22 .Physical -------- results largely from wear and tear from use and the forces of nature.

A) Depreciation B) Detrioration C) Account D) Ledger

**PART III .MATCHING ITEMS ‘A’ WITH ITEM ‘B’(1PT EACH)**

**A B**

23.Land A) Bundle of future services

24.Amortization B) Straight line method

25.Natural resources C) assumes that depreciation is a function of use

26.Depreciable plant asset D) Depletion

27.Very simple method of depreciation E) Non-depreciable asset

28.Units-of-output method F) Both gains and losses are fully recognized

29.Dissimilar plant assets G) Used to allocate the cost of intangible assets

30.Addition H) An extension of existing asset

**IV.FILL BLANK SPACES(1PT EACH)**

31.**-------------------------------**Are sold by retail stores to provide merchandise on some later date.

32.----Is sum of money added to person’s wages as a reward for his or her good job performance.

33. Broadly operational long-term assets are divided into --------------------- and ---------------------

34. assume that if Gift Trading has a bonus plan under which marketing staff receives 45% of the income over Br 65, 000 earned by the business. Income for the business amounted to Br 125, 000 before the bonus and income taxes. The income tax rate is assumed to be 55%. Based on this data Calculate the bonus expenses for Gift Trading under each of the following assumptions.

**I**. Income before income taxes and bonus (2pt), **II**. Income after bonus but before income taxes (3pt) and  **III**. Income after bonus and income taxes (i.e. Net income income (5pt)

**FINAL EXAM ANSWER SHEET**

**PART-I. TRUE OR FALSE ITEM**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. |

**PART-II CHOICES ITEM**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. |
| 19. | 20. | 21. | 22. |

**PART-III MATCHING ITEM**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| 23. | 24. | 25. | 26. | 27. | 28. | 29. | 30. |

**PART-IV FILL BLANK SPACES**

31.-----------------------------------------------------------------------------------------------------------

32.---------------------------------------------------------------------------------------------------------

33.-----------------------------------------------------------------------------------------------------------

**V.WORKOUT AND DISCUSSION CONTINUE FROM HERE**

**34.I**

**II.**

**III.**



**ARBAMINCH UNIVERSITY : SAWLA CAMPUS**

**COLLEGE OF COMMERCE AND BUSINESS ADMINISTRATION**

**DEPARTMENT OF ACCOUNTING AND FINANCE**

**4TH YR WEEKNED PROGRAM**

**Course Name: AUDIT-II**

**Time allowed: 1:30 Min Weight (50%)**

**EXAM TYPE: Final**

**Instructor :Daniel.T Date 26/04/2012**

**Students’name--------------------------------------------------------------------**

**IDno --------------------------------Section----------- Signiture--------------**

**INSTRAUCTIONS**

* Be sure to write your name, section and id number
* Put all your answers in the provided answer sheet
* Be sure to sign in the attendance sheet
* Good hand writing has its own value and good result
* Make sure that your exam contains 5 pages
* Any attempt to cheat in the exam hall will disqualify your total result
* Mobile phones is not allowed to examination room
* Any sharing of materials in the exam hall is completely forbidden

**Part I. Write True if the statement is true &Write False if the statement is false.**

1. *Arithmetical accuracy states that* all receipts and issues should be recorded on inventory cards.
2. Unlike merchandise, fixed assets are basically acquired for sale
3. The basic internal control procedure *approval and control of documents states the* issues from inventories should not be recorded only on properly authorized requisitions.
4. *Assess to assets and records**shows* *that* separate centers shouldn’t be identified at which goods are held.
5. For obtaining an understanding of internal control over inventory, the auditor should become thoroughly conversant with the audit procedures.
6. The stage from the planning of a fixed asset purchase to its acquisition, use and final disposal is known as the Fixed Asset Cycle.

7. The term fixed asset is taken to mean a property owned by an organization where the property concerned has a useful life of more than one year.

8. Capital expenditure budget deals with items not directly related to profit and loss account.

**Part-II Choices(1.5 pt each)**

9.The reasons why inventories are often the most difficult and time consuming part of the audit are:

A. Inventory often represents a significant asset on the balance sheet

B. The value of closing inventory has a direct impact on profit

C. The physical control of inventory is often difficult because of their location. D.All

10.The auditor has the following objectives in the examination of inventories and purchases to;

A.Consider internal control over inventories and purchases.

B.Determine the existence of inventories

C.Establish the completeness of inventories and purchase transaction

D.Determine that the valuation inventories are based on appropriate methods E.All

11. The followings are basic internal control procedures except;

*A.Approval and control of documents*

*B.Control accounts*

C.Comparison of assets to records

*D.None*

12. The audit of fixed Assets requires less audit work due to:

A. The relatively infrequent purchase of such assets

B. The relatively high risk of fraud

C. The relatively high risk of embezzlement.

D. All

13.The fixed asset cycle encompasses the following steps except;

A.Capital budgeting

B .Consideration

C. Contraction D. Bidding

14. Arrangement for *periodic verification* of fixed assets implies-

A. Controls over Safeguarding

B**.** Controls over physical Inventory-taking

C. Controls over Disposals

D.All

15.The concept inspect physically all major additions recorded during the year deals with related to-

A. Determine Ownership of Fixed Assets

B. Establish Existence of Fixed Assets at year-end

C. Test Fixed Asset Disposals during year

D.A&C

16.All but one is not The objective of capital expenditure budget identify it:

A.It is to enable the company to establish a system of priorities in expenditure

B. It is to correct capacity imbalances

C. It is to provide a tool for controlling capital expenditure.

D.It is not to make proper financial provision to meet planned expenditure

17.From the given alternatives which statement is true about auditors and accountants?

A. Auditors often perform many of the same tasks as accountants

B. Auditors and accountants take care of the daily financial transactions for a business

C. The auditors start their tasks before the accountants complete their tasks D.All

18.The work done by an auditor is on daily basis whereas the work done by an accountant is on annually or quarterly basis

A.True B. False

19.---------- Are suppliers from whom goods have been bought on credit in the normal course of business;

A.Trade creditors B. Long-term loans

C. Tax payable D. Accruals

20.-----Lists dollars both to be received from disposing of equipment and to be spent on purchasing additional equipment

A. Income B. Revenue C. Capital expenditure budget D. Capital

21.Substantive test involves all the followings except

A.Obtain listings of inventory and reconcile to ledger

B.Evaluate the client’s planning of physical inventory

C.Perform analytical procedure D.None

22.Accured charges are accurals that commonly made for;

A.Rent B.Gas C.Payment D.A&B

**Part III Matching items A with item B(1pt each)**

**A B**

23.Bidding A.Must be independent during his/her task

24.Accountant B.The process of examining book of accounts

25.Auditing C.The reorder of daily basis activities

26.Accured charge D. Long-term-liability

27.Auditor E. Inviting tenders of quotations to determine

28.Audit objective the best buy option

29. Bond payable F. Current liability

G. Accuracy and completeness

H. Final audit report

**IV.FILL BLANK SPACES(1pt each)**

30.--------Is often made up of larger number of diverse items with different unit values.

31.---------Includes land,buildings and office equipment .

32.The physical control of---------is often difficult because of their location.

**V.DISCUSSION PART**

33.Write the difference between auditing and auditor clearly (3pt)

34.Listdown some examples of fixed asset(3pt)

35.The auditors have the following objectives in the examination of inventories and purchases to(5pt)

1.--------------------------------------------------------------------------------------------------

2.--------------------------------------------------------------------------------------------------

3.--------------------------------------------------------------------------------------------------

4.--------------------------------------------------------------------------------------------------

5.--------------------------------------------------------------------------------------------------

6.--------------------------------------------------------------------------------------------------

1. The paymaster has responsibility for hiring employees.

2. Take-home pay is the gross earning after subtracting all deductions.

3. Land is used as a building site for manufacturing plant.

4. The salaried employees’ pay -period is monthly or semimonthly.

5. One company’s long-term asset might be the short-term asset of an other company.

6. All costs getting an asset ready for intended use are the costs of that asset.

7. An employee is entitled to be paid at the rate of two and half times the ordinary hourly rate.

8. Even Yosef is a temporary employee of a central bank ,the law of the land forced him to pay pension contribution.

9. Land is the only depreciable asset over the world.

**Part III Matching items A with item B**

**A B**

1. Objective evidence A. Economic entity concept

2. APB B. Demerit of p/ship

3.450 C. Stock with designated dollar amount

4. Par value D. Continuous operation & existence

5. Assets=equities E. From 1973 to present

6. Mutual agency F. Demerit of corporation

7. Sense of belongingness G. Merit of corporation

H. Estimation of periodic depreciation

I. From 1959 to present

J. Merit of p/ship

K. Non-taxable income

Wich one of the following given alternatives is mismatched?

A. Stock dividend----->corporation’s own stock disbursed

B. Cash dividend----> Cash disbursed

C. Property dividend->Non-cash asset disbursed D. None E. All

2. The creditor’s claim look first to parner ship assets and then to personal resources of any partner implies—

A. Co-owner ship of property B. Limited liability C. Mutual agency D.A&C E. None

3. Assume that Mulu and Tseganesh started a business in the form of partnership by investing br,20 000 &15,000 respectively. After six month Kaleb joined them with br,20 000. What will be Tseganesh’s share in the total profit of br,25 000 that earned at the end of two years from the starting of the business?

A. 750 B. 9000 C. 9500 D. None

4. The criteria for adequate disclosure principle often must be based on-----other than facts.

A. Value added B. Valuation C. Value judgment D. Value comment

5. Each partner can act for partnership with authority to enter into contract both for purchase and sale of goods and services implies-----

A. Mutual agency B. Voluntary association C. Limited life D. Easy formation

6.Dade, Habtamu and Mesgebu rent a pasture.Then Dade puts ten oxen for seven months,Habtom puts twelve oxen for five months and Mezgebu puts fifteen oxen for three months for grazing. If the rent of pasture is br,175 how much Mezgebu pays as his share of rent?

A. 666 B.456 C.50 D.None

7.Time clock procedures are controlled or monitored by------organ to make sure an employee punches only one card.

A. Member B. Employee C. Customer D. None

8.-------is designed to provide each stock-holder the opportunity to maintain a proportional ownership in corporation.

A. Common stock B. The right to participate in the earning of corporation

C. Preferred stock D. Preemptive right

9. The capital provided to corporation by stock-holders in exchange for share of either preferred or common stock is----.

A.Par value stock B. Legal capital C. Counter capital D. None

10.----Is an enlargement to a physical layout of plant assets.

A. Betterment B. Addition C. Group depreciation D. None

11. The term land is the one and the only depreciable based asset because of its useful life.

A. True B. False

12. -----Refers to a person can’be forced to join a partner ship and partners can’t be forced to accept an other person as a partner(fill 2pt).

13.-----Refers to the legal arrangement among partners ceases to exist( fill 2pt).

14.------Refers to the process of terminating by selling the assets of the business (fill 2pt).

15.List &discuss the four basic steps for liquidating process of partner ship(10.5pt)