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QUESTION: 394
The costs that provide a benefit to a company over more than one accounting period are called:
A. Capital expenses
B. Revenue expenses
C. Asset expenses
D. Manufacturing equipments expenses

Answer: A
QUESTION: 395
are potential obligations that will materialize only if certain events occur in future.
A. Warranties returns
B. Liability omissions
C. Contingent liabilities
D. Concealed expenses

Answer: C
QUESTION: 396
According to Accounting Changes and Errors Corrections, which of the following is NOT the type accounting change that must be disclosed to avoid misleading the user of financial statements?
A. accounting principles
B. estimates
C. reporting entities
D. liability omissions

Answer: D
QUESTION: 397
Improper asset valuations usually fall into which of the following category?
A. Inventory valuation
B. Accounts receivable
C. Business combinations
D. All of the above

Answer: D
QUESTION: 398
To debit accounts receivables and credit sales is the typical entry under:
A. Fictitious account payables
B. Fictitious account receivables
C. Failure to write off account receivables
D. Failure to write off account payables

## Answer: B

QUESTION: 399
Which of the following is NOT the scheme of fixed assets that are subject to manipulation?
A. Related party transactions
B. Booking fictitious assets
C. Misrepresentation asset valuation
D. Improperly capitalizing inventory and start-up costs

## Answer: A

QUESTION: 400
Which type of misstatements are considered relevant fro audit purpose?
A. Misstatements arising from fraudulent financial reporting
B. Misstatements arising from misappropriation of assets
C. Both A and B
D. Neither A nor B

## Answer: C

QUESTION: 401
In identifying risks that may result in material misstatements sue to fraud, auditors should consider:
A. type of risk
B. significance of risk
C. pervasiveness of risk
D. All of the above

Answer: D
QUESTION: 402
Judgments about the risk of material misstatement due to fraud have an overall effect on how the audit is concluded in what ways?
A. Assignment of personnel and supervision
B. Accounting principles
C. Predictability of auditing procedures
D. All of the above

Answer: D

QUESTION: 403
Which of the following is NOT included in financial statement analysis?
A. Vertical analysis
B. Horizontal analysis
C. Fraction analysis
D. Ratio analysis

## Answer: C

QUESTION: 404
A technique for analyzing the relationships between the items on an income statement, balance sheet, or statement of cash flows by expressing components as percentages is called:
A. Vertical analysis
B. Horizontal analysis
C. Fraction analysis
D. Ratio analysis

## Answer: A

QUESTION: 405
A technique for analyzing the percentage change in individual financial statement items from one year to the next in known as:
A. Vertical analysis
B. Horizontal analysis
C. Fraction analysis
D. Ratio analysis

## Answer: B

QUESTION: 406
A fraction analysis is a means of measuring the relationship between two different financial statement amounts.
A. True
B. False

## Answer: B

QUESTION: 407
The formula to calculate quick ratio is:
A. Quick ratio $=($ Credit + Securities + Receivables $) /$ Current liabilities
B. Quick ratio $=($ Cash + Securities + Payables $) /$ Final liabilities
C. Quick ratio $=($ Credit + Securities + Payables $) /$ Final liabilities
D. Quick ratio $=($ Cash + Securities + Receivables $) /$ Current liabilities

Answer: D
QUESTION: 408
The receivable turnover can be calculated by which of the following formula:
A. Receivable turnover $=$ Net Sales on Account $/$ Average Net Receivables
B. Receivable turnover $=$ Gross Sales on Account $/$ Average Gross Receivables
C. Receivable turnover $=$ Net Sales on Receivables / Average Net Account
D. Receivable turnover $=$ Gross Sales on Receivables / Average Gross Account

## Answer: A

QUESTION: 409
Collection ratio can be calculated by the formula:
A. Collection Ratio $=365$ / Payable Turnover
B. Collection Ratio $=365+$ Net Income $/$ Receivable Turnover
C. Collection Ratio $=365$ / Receivable Turnover
D. Collection Ratio $=365+$ Net Sales $/$ Receivable Turnover

Answer: C
QUESTION: 410
Which of the following is the formula for the inventory turnover?
A. Inventory turnover $=$ Cost of Goods Purchased $/$ Average Inventory
B. Inventory turnover $=$ Cost of Goods Sold $/$ Average Inventory
C. Inventory turnover = Cost of Goods Sold / Total Inventory
D. Inventory turnover $=$ Cost of Goods Purchased $/$ Total Inventory

## Answer: B

QUESTION: 411
The modification of behavior through the perception of negative sanctions is called:
A. Endorsement
B. Deterrence
C. Consent
D. Authorization

## Answer: B

QUESTION: 412
What is considered by most professionals to be the cornerstone of an employee reporting program?
A. Focus line
B. Report Foundation
C. Hotline
D. Imputed Reports

## Answer: C

QUESTION: 413
Which of the following is NOT the type of hotline?
A. Part-time hotline
B. Full-time hotline
C. Third-party hotline
D. Detective hotline

## Answer: D

QUESTION: 414
According to Wheelwright; branch of philosophy which is the systematic study of reflective choice, of the standards of right and wrong by which a person is to be guided, and of the goods toward which it may ultimately be directed id called:
A. Ethics
B. Morality
C. Legality
D. Saintliness

Answer: A
QUESTION: 415
What advocates that there are concrete ethical principles that cannot be violated?
A. Utilitarian principle
B. Imperative principle
C. Functional activity
D. Serviceable principle

## Answer: B

QUESTION: 416
When each situation must be evaluated on its own, in essence, the end can justify the means, this is referred to as:
A. Situational ethics
B. Situational behavior
C. Situational principle
D. Situational hotline

## Answer: A

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