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問題集

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Exam : Financial-Accounting-and-Reporting

Title : Certified Public Accountant (Financial Accounting & Reporting)

Version : DEMO

1.According to the FASB conceptual framework, the objectives of financial reporting for business enterprises are based on:
A. Generally accepted accounting principles.
B. Reporting on management's stewardship.
C. The need for conservatism.
D. The needs of the users of the information.
Answer: D
Explanation:
Choice "d" is correct. The FASB conceptual framework states that the objectives of financial reporting stem from the informational needs of the external users of the information. SFAC 1 para. 28
Choice "a" is incorrect. Generally accepted accounting principles (GAAP) are derived from and based on the objectives of financial reporting, not the other way around.
Choice "b" is incorrect. Information concerning management's stewardship is only one aspect of the information financial statements are intended to provide. SFAC 1 para. 50
Choice "c" is incorrect. Conservatism is an underlying concept for financial accounting but is not the basis for the objectives. SFAC 2 para. 91-97

2.According to the FASB conceptual framework, the usefulness of providing information in financial statements is subject to the constraint of:
A. Consistency.
B. Cost-benefit.
C. Reliability.
D. Representational faithfulness.
Answer: B
Explanation:
Choice "b" is correct. The pervasive constraint on providing information in financial statements is that the cost should be outweighed by the benefit to be derived from providing the information. SFAC 1 para. 23, SFAC 2 para. 133
Choice "a" is incorrect. Consistency is an underlying concept for financial statements (and a secondary quality of accounting information), but it is not a constraint on providing information. SFAC 2 para. 120 Choice "c" is incorrect. Reliability is a primary quality of accounting information and an underlying concept for financial statements, but it is not a constraint on providing information. SFAC 2 para. 58 Choice "d" is incorrect. Representational faithfulness is an underlying concept for financial statements (as an element of reliability), but it is not a constraint on providing information. SFAC 2 para.

3.According to the FASB conceptual framework, which of the following attributes would not be used to measure inventory?
A. Historical cost.
B. Replacement cost.
C. Net realizable value.
D. Present value of future cash flows.
Answer: D
Explanation:
Choice "d" is correct. The present value of future cash flows is used to measure long-term receivables or

payables, not inventory, because inventory is a short-term asset, which has more immediate cash flows. SFAC 5 para. 67
Choice "a" is incorrect. Historical cost can be used to measure inventory because it is a relevant and reliable measurement attribute of current assets such as inventory.
Choice "b" is incorrect. Replacement (or current) cost can be used to measure inventory because it is a relevant and reliable measurement attribute of current assets such as inventory.
Choice "c" is incorrect. Net realizable value can be used to measure inventory because it is a relevant and reliable measurement attribute of current assets such as inventory.

4.According to the FASB conceptual framework, which of the following situations violates the concept of reliability?
A. Data on segments having the same expected risks and growth rates are reported to analysts estimating future profits.
B. Financial statements are issued nine months late.
C. Management reports to stockholders regularly refer to new projects undertaken, but the financial statements never report project results.
D. Financial statements include property with a carrying amount increased to management's estimate of market value.
Answer: D
Explanation:
Choice "d" is correct. Management's estimate of market value lacks verifiability, which is a component of reliability. SFAC 2 para. 89
Choice "a" is incorrect. Communicating data on segments to analysts does not violate the concept of reliability.
Choice "b" is incorrect. Issuing financial statements nine months late violates timeliness, which is a component of relevance, not reliability. SFAC 2 para. 56
Choice "c" is incorrect. Neglecting to report results of new projects violates full disclosure, not reliability.

5.In the hierarchy of generally accepted accounting principles, APB Opinions have the same authority as AICPA:
A. Statements of Position.
B. Industry Audit and Accounting Guides.
C. Issues Papers.
D. Accounting Research Bulletins.
Answer: D
Explanation:
Choice "d" is correct. AICPA Accounting Research Bulletins, FASB Standards, FASB Interpretations, FASB Staff Positions, FASB Statement 133 Implementation Issues, and APB Opinions and Interpretations are the most authoritative sources of generally accepted accounting principles.
Choice "a" is incorrect. AICPA Statements of Position, AICPA Accounting and Auditing Guides, and FASB Technical Bulletins are secondary sources of generally accepted accounting principles.
Choice "b" is incorrect. AICPA Statements of Position, AICPA Accounting and Auditing Guides, and FASB Technical Bulletins are secondary sources of generally accepted accounting principles.
Choice "c" is incorrect. AICPA Issues Papers and Practice Bulletins, FASB Concepts Statements, and

other authoritative pronouncements are tertiary sources for generally accepted accounting principles.