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Question 1

Question Type: MultipleChoice

GH operates an imprest system for petty cash, maintaining a float of \$250. The following petty cash book extract is available for a week in March 20X6:

Debit \$	Date	Details	Total \$	Travel \$	Postage \$	Stationery \$
250	1 March	Taxi	15	15		
	2 March	Stamps	10		10	
	3 March	Office paper	50			50
	4 March	Petrol	40	40		
	5 March	Pens	30			30
	6 March	Envelopes	15		15	
	7 March	Taxi	25	25		
	Total		185	80	25	80

How much does GH need to transfer from the bank account at the end of this week in order to maintain the imprest system?

Options:

A- The total spend of \$185

- B- The float total of \$250.
- C- The total of the float and total spend of \$435
- D- The difference between the float and total spend of \$65

Answer:

A

Question 2

Question Type: MultipleChoice

VWX is registered for sales tax in Country B A sales invoice to its mam customer shows the following information:

	\$
Net sales	800
Sales tax at 20%	160
Total due	960

What journal entry will VWX process to record this transaction in its nominal ledger?

A)

Dr	Revenue	\$800
Dr	Sales tax expense	\$160
Cr	Receivables	\$960

B)

Dr	Receivables	\$960
Cr	Sales tax expense	\$160
Cr	Revenue	\$800

C)

Dr	Receivables	\$960
Cr	Sales tax liability	\$160
Cr	Revenue	\$800

D)

Dr	Revenue	\$800
Dr	Sales tax liability	\$160
Cr	Receivables	\$960

Options:

A- Option A

B- Option B

C- Option C

D- Option D

Answer:

B

Question 3

Question Type: MultipleChoice

Which of the following would meet the definition of a liability in accordance with the Conceptual Framework's definition?

Options:

A- An amount due from a customer for goods dispatched two weeks ago

B- An amount due to a supplier for goods to be purchased in one month's time

C- An amount which was paid to a supplier in relation to a dispute

D- An amount due to a supplier for goods purchased one month ago

Answer:

B

Question 4

Question Type: MultipleChoice

In the year ended 31 December 20X1, XYZ receives an email confirming that a major customer has gone into liquidation and will be unable to pay its suppliers.

Which of the following is the impact of adjusting for this event?

Options:

- A- Profits increase and allowance increases.
- B- Receivables decrease and allowance increases
- C- Receivables unchanged and profits decrease
- D- Receivables decrease and profits decrease

Answer:

D

Question 5

Question Type: MultipleChoice

The Finance Director of EFG company has made the following statements regarding the recording of expenditure relating to the entity's property, plant and equipment (PPE) in the nominal ledger.

Which THREE of the following statements are true?

Options:

- A-** The annual depreciation charge reduces EFG's profit for the year.
- B-** The cost of insurance for the factory is debited to the PPE asset account.
- C-** The loss on the disposal of PPE reduces EFG's profit for the year
- D-** The cost of repainting the office is credited to the repairs expense account
- E-** The loss on the disposal of PPE is recorded in a liability account
- F-** The annual depreciation charge reduces the carrying value of PPE

Answer:

A, C, F

Question 6

Question Type: MultipleChoice

GG has the following statement of profit or loss extract for the year ended 31 December 20X3

	\$000
Operating profit	800
Finance income	100
Finance costs	(200)
Profit before tax	700
Income tax	(150)
Profit for the period	550

What is the interest cover for GG for the year ended 31 December 20X3?

Options:

A- 2.8 times

B- 4.0 times.

C- 4.5 times

D- 3.5 times

Answer:

B

Question 7

Question Type: MultipleChoice

The following are extracts from CD's financial statements for the year to 31 December 20X2:

Profit or loss (extract)	\$000
Operating profit	1,000
Finance cost	(100)
Profit before tax	<u>900</u>

Statement of financial position (extract)	\$000
Share capital	1,000
Retained earnings	<u>1,200</u>
	<u>2,200</u>
Non-current liabilities	
Loan	750
Current liabilities	625

What is the return on capital employed percentage (ROCE) for CD for the year ended 31 December 20X2?

Options:

- A- 28.0%
- B- 30.5%
- C- 33.9%
- D- 25.2%

Answer:

C

Question 8

Question Type: MultipleChoice

Which TWO of the following are transactions that would be recorded in the sales ledger control account?

Options:

- A- Irrecoverable debts
- B- Cash received from credit customers
- C- Cash sales.
- D- Cash paid to credit suppliers.
- E- Credit purchases.

Answer:

A, B

Question 9

Question Type: MultipleChoice

In relation to accounting coding systems in the computerized records of an entity, which of the following is true?

Options:

- A- Codes are used to cross-reference transactions
- B- Codes in coding systems are not unique
- C- Coding systems are not expandable
- D- Codes are used in the nominal ledger but not in payroll

Answer:

A

Question 10

Question Type: MultipleChoice

Which of the following is an error of principle?

Options:

- A- Using the wrong amount when recording a transaction
- B- Recording a transaction in the wrong type of account
- C- A transaction recorded twice in the ledger accounts
- D- Recording a transaction in the wrong ledger account

Answer:

B

Question 11

Question Type: MultipleChoice

XYZ's computerized accounting system automatically updates the non-current asset register when additions to property, plant and equipment are made A machine costing \$120,000, with a useful life of five years and an estimated residual value of \$12,000 is acquired at the year end.

Which of the following statements is correct in relation to the recording of this asset in the non-current asset register?

Options:

- A-** The journal entry to record the cost is Dr Asset \$120,000 and Cr Bank \$120,000 The five year useful life is recorded
- B-** There is no journal entry but the cost of \$120,000, the five year useful life and estimated residual value of \$12 000 are recorded
- C-** There is no journal entry but the cost of \$120,000 and the five year useful life are recorded
- D-** The journal entry to record the cost is Dr Asset \$120,000 and Cr Bank \$120,000 The five year useful life and estimated residual value of \$12,000 are recorded

Answer:

B

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