

# CPABC

# COIN Competition

# Sample Exam

- Exam duration is 2 hours.
- Exam consists of 65 multiple choice questions.
- Note: For questions worth 2 marks, single marks are possible.

## COIN Competition Sample Exam

1. A person who risks both time and money to start and manage a business is (1 mark):

- a. an overachiever
- b. a supervisor
- c. an entrepreneur
- d. a narcissist

2. In business, a stakeholder is someone (1 mark):

- a. who purchases goods and/or services from a business
- b. who sells something to the business
- c. who stands to gain or lose something by the policies and activities of a business
- d. employed by the business and are affected by that businesses policies

3. The amount of money a business earns above and beyond what it spends for salaries and other expenses is called (1 mark):

- a. savings
- b. cash
- c. revenue
- d. profit

4. In order to gain a competitive edge on the competition, some companies focus on (1 mark):

- a. very low prices
- b. higher quality products/services
- c. a or b
- d. neither

5. What is revenue? (1 mark)

- a. the income generated from the sale of goods or services before expenses
- b. the income generated from the sale of goods or services after expenses

6. The activity of providing goods and/or services while operating at a profit is called a: (1 mark)

- a. consumer advocating
- b. business
- c. barter system
- d. none of the above

7. Standard of living is the amount of goods and services people can buy with the money they have: (1 mark)

- a. true
- b. false

8. A credit is defined as: (1 mark)

- a. an entry recording an increase to an account, listed on the right-hand side or column of an account
- b. an entry recording an increase to an account, listed on the left-hand side or column of an account
- c. the money received by a business from its customers
- d. all of the above

9. The right to own land, to keep the majority of their profits, the right of freedom of competition and the right to freedom of choice are features of what economic system? (1 mark)

- a. socialism
- b. communism
- c. marxism
- d. capitalism

10. What is inflation? (1 mark)

- a. the cost of producing goods and/or services
- b. a situation in which price increases are slowing down
- c. a general rise in the prices of goods and services over time
- d. none of the above

11. What does GDP stand for? (1 mark)

- a. Gross Domestic Product
- b. Good Distribution Practice
- c. Global Detection Probability
- d. Global Data Pool

12. What is a balance sheet? (1 mark)

- a. a financial statement that provides a snapshot of what a business owns and owes at a specific time
- b. a financial statement that looks at a business's revenues less expenses to determine net income
- c. total assets equal to the liabilities and owners equity of business at a specific time
- d. a and c

13. What is an oligopoly? (1 mark)

- a. total sales of an organization divided by the sales of the market they serve
- b. a form of competition in which just a few sellers dominate the market
- c. assigning or allocating costs to a specified marketing activity

14. One use of discretionary income is spending money on: (1 mark)

- a. rent
- b. a movie ticket

c. medical expenses

d. transportation

15. What does the acronym GAAP stand for? (1 mark)

a. generally accepted accounting principles

b. generated accepted account policies

c. generally accounted for and accepted policies

d. generally accepted accounting procedures

16. A detailed written document that outline's a company's target market, mission, business, and competitive advantage is the: (1 mark)

a. mission statement

b. corporate action plan

c. business plan

d. statement of profit and loss

17. What is gross profit? (1 mark)

a. income minus expenses and taxes

b. income before expenses

c. income after tax but before expenses

d. net sales less cost of goods sold

18. What is an income statement? (1 mark)

a. a statement of income for a set period of time

b. a financial statement that provides a snapshot of everything a business owns and owes for a set period of time

c. a financial statement that shows cash flows, both received and paid, for a set period of time

d. a financial statement that looks at a business's revenues less expenses to determine net income

19. What does ROI mean? (1 mark)

- a. return on investment
- b. rate of income
- c. return on interest

20. The items of value owned by a business or individual are: (1 mark)

- a. liabilities
- b. assets
- c. working capital
- d. net expenses

21. Accounting is: (1 mark)

- a. the process that describes our relationship with one another in society
- b. the process that describes production systems
- c. the process that keeps accounts of goods purchases and sales
- d. recording, classifying and explaining all financial transactions

22. Why is accounting important? (1 mark)

- a. because it communicates information about a company's operations and finances
- b. because it allows entrepreneurs to make informed decisions about their business
- c. because it measures economics events that effect everyone
- d. a and b
- e. a, b, and c

23. Why is it important to keep accurate accounts in a business? (1 mark)

- a. to gauge if you are losing or making money
- b. to help price products accurately
- c. to work with banks and creditors
- d. all of the above

24. The principal objective of accounting is: (1 mark)

- a. to determine financial results
- b. to control expenditures
- c. to determine financial position
- d. a and c
- e. b and c

25. Which financial statement displays the revenues and expenses of a company over a set period of time? (1 mark)

- a. income statement
- b. balance sheet
- c. cash flow statement
- d. statement of shareholder's equity

26. What is the primary purpose for financial accounting? (1 mark)

- a. provide useful financial information to outsiders
- b. to track company expenses
- c. minimize the amount of taxes the company owes
- d. to organize financial information

27. Which of the following is NOT included as a separate item in the basic accounting equation? (1 mark)

- a. assets

- b. revenues
- c. liabilities
- d. shareholder's equity

28. What is an economic entity? (1 mark)

- a. any organization that loans money to new businesses who require capital to start operations
- b. an organization that measures the supply and demand for products and services
- c. a separate, identifiable organization which uses resources to achieve goals
- d. none of the above

29. What types of information are provided by accounting reports? (1 mark)

- a. cash flows
- b. financial position
- c. solvency and liquidity
- d. all of the above

30. What type of balance do asset accounts have? (1 mark)

- a. debit
- b. credit
- c. contra
- d. all of the above

31. What account is not considered a liability account? (1 mark)

- a. accounts payable
- b. accrued expenses
- c. accounts receivable
- d. notes payable



32. Who are the users of financial statements? (1 mark)

- a. owners
- b. customers
- c. government
- d. a and b only
- e. a, b and c

33. Auditing is: (1 mark)

- a. evaluating the adequacy of a company's internal control structure
- b. the examination of financial statements by an independent party with the purpose of expressing an opinion on fairness of presentation and compliance with GAAP
- c. all of the above
- d. none of the above

34. What is cost accounting? (1 mark)

- a. the recording, presentation and analysis of manufacturing costs
- b. an accounting system that provides information for internal users such as management rather than strict compliance with GAAP
- c. tax planning and preparation of tax returns
- d. none of the above

35. What type of cost would an executive's salary be? (1 mark)

- a. manufacturing cost
- b. product cost
- c. administrative cost
- d. selling expense

36. An opportunity cost is: (1 mark)

- a. the difference between the total cost of one option and the total cost of another option
- b. the benefit forgone when one alternative is selected rather than another
- c. a cost that is saved by not adopting a given alternative
- d. a cost that continues to be incurred even when there is no activity

37. A business owned by only one person where the owner faces limited liability is a: (1 mark)

- a. corporation
- b. proprietorship
- c. partnership
- d. cooperative

38. Which of the following items would not be defined as an asset? (1 mark)

- a. land
- b. machinery
- c. cash
- d. owner's equity
- e. debtors

39. If a business has the following items in it: \$1,000,000 Land, \$20,000 Machinery, \$10,000 Cash, and \$0 Debt; what is the value of owner's equity? (1 mark)

- a. \$1,000,000
- b. \$1,020,000
- c. \$1,010,000
- d. \$1,030,000
- e. none of the above

40. What is the gross margin? (1 mark)

- a. assets less liabilities
- b. sales less cost of sales and taxes
- c. sales less cost of sales
- d. the value of assets given up for nothing in return
- e. none of the above

41. The costs of being in business are the: (1 mark)

- a. equity capital
- b. fixed expenses
- c. working capital
- d. actions by managers to satisfy customers while maintaining current cost levels

42. Strict compliance to General Accepted Accounting Principles (GAAP) is observed through what type of accounting? (1 mark)

- a. financial accounting
- b. management accounting
- c. cost accounting
- d. auditing
- e. fiduciary accounting

43. The cash flow statement: (1 mark)

- a. shows manufacturing income and expenses only
- b. shows income and expenses less taxes
- c. shows accrued income and expenses
- d. shows income actually received and expenses actually paid

44. Which of the following uses managerial accounting? (1 mark)

- a. manufacturing and service entities, but not merchandising
- b. profit-oriented businesses only
- c. service, manufacturing, and merchandising entities
- d. only manufacturing entities

45. The term that describes how quickly an asset can be turned into cash is? (1 mark)

- a. break-even
- b. current assets
- c. liquidity
- d. net worth

46. What makes your balance sheet always equal on both sides? (1 mark)

- a. owner's equity
- b. the accounting equation
- c. assets
- d. liabilities

**Use the following information for questions 47-54**

**Christmas Company uses the normal-costing, perpetual method of accounting for inventories.**

**Sixteen of the company's account titles are listed below.**

- **Accounts receivable**
- **Accounts payable**
- **Cash**
- **Cost of goods sold**
- **Depreciation expense**
- **Manufacturing overhead (OH) control**
- **Wages expense**

- **Utilities payable**
- **Finished goods inventory**
- **Accumulated depreciation**
- **Sales Revenue**
- **Wages payable**
- **Direct material inventory**
- **Work in progress inventory**
- **Utilities expense**
- **Other**

47. Christmas Company purchased \$80,000 raw material on account – the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. accounts payable, costs of goods sold
- b. cost of goods sold, accounts payable
- c. direct material inventory, accounts payable
- d. accounts payable, direct material inventory

48. Christmas Company Used \$50,000 raw material in the manufacturing process - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. work in progress inventory, direct material inventory
- b. direct material inventory, work in progress inventory
- c. finished goods inventory, direct material inventory
- d. direct material inventory, finished goods inventory

49. Christmas Company recognized 1,000 hours of direct labor at a cost of \$13,000 - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. wages payable, work in progress inventory
- b. work in progress inventory, wages payable
- c. cost of goods sold, wages payable
- d. wages payable, cost of goods sold

50. Christmas Company paid workers direct labor wages of \$13,000 - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. wages payable, cash
- b. cash, wages payable
- c. wages expense, wages payable
- d. wages payable, wages expense

51. Christmas Company allocated overhead costs to production at a rate of \$4 per unit - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. cost of goods sold, work in progress inventory
- b. work in progress inventory, cost of goods sold
- c. manufacturing OH control, work in progress inventory
- d. work in progress inventory, manufacturing OH control

52. Christmas Company recognized \$7,000 depreciation of factory machines - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. accumulated depreciation, cost of goods sold
- b. cost of goods sold, accumulated depreciation
- c. manufacturing OH control, accumulated depreciation
- d. accumulated depreciation, manufacturing OH control

53. Christmas Company received factory utility bill of \$3,000 - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. utilities payable, manufacturing OH control
- b. manufacturing OH control, utilities payable
- c. cash, utilities payable
- d. utilities payable, cash

54. Christmas Company completed 6,000 units at a cost of \$15 per unit - the \_\_\_\_ account should be debited and the \_\_\_\_ account should be credited: (2 marks)

- a. cost of goods sold, finished goods inventory
- b. finished goods inventory, cost of goods sold
- c. finished goods inventory, work in progress inventory
- d. work in progress inventory, finished goods inventory

55. The term used to describe a situation when at least one mis-costed product causes other products to be mis-costed in the organization is known as: (1 mark)

- a. product over-costing
- b. product cross-subsidization
- c. product under-costing
- d. product sub-optimization

56. Activity-based cost systems create: (1 mark)

- a. activity-cost pools with a broad focus
- b. one large cost pool
- c. homogeneous activity-related cost pools
- d. heterogeneous activity-related cost pools

**For questions 57-65 involving Poodle Pad Company and its owner, John Bush, please reference the following list of accounts:**

- **Cash**
- **Revenue**
- **Unearned Revenue**
- **John Bush Withdrawals**
- **Office Supplies**
- **John Bush Capital**
- **Office Supplies Expense**
- **Accounts Payable**
- **Rent Expense**

- **Accounts Receivable**
- **Administration expense**

57. If Poodle Pad Company owes its landlord for the past month's rent the \_\_\_\_ account would be debited and the \_\_\_\_ account would be credited: (2 marks)

- a. accounts payable, rent expense
- b. rent expense, accounts payable
- c. administration expense, accounts payable
- d. accounts payable, administration expense

58. If Poodle Pad Company purchased office supplies on account the \_\_\_\_ account would be debited and the \_\_\_\_ account would be credited: (2 marks)

- a. office supplies, cash
- b. cash, office supplies
- c. office supplies, accounts payable
- d. accounts payable, office supplies

59. If Poodle Pad Company provided services to a customer on account the \_\_\_\_ account would be debited and the \_\_\_\_ account would be credited: (2 marks)

- a. accounts receivable, revenue
- b. revenue, accounts receivable
- c. accounts receivable, cash
- d. cash, accounts receivable

60. If the owner of Poodle Pad Company paid for the past months rent (from transaction in question #57) with his own cash and does not intend to be paid back by the company, then the \_\_\_\_ account would be debited and the \_\_\_\_ account would be credited: (2 marks)

- a. John Bush withdrawals, accounts payable
- b. accounts payable, John Bush withdrawals
- c. accounts payable, John Bush capital



d. John Bush capital, accounts payable

61. When Poodle Pad Company uses some of the office supplies purchased in the transaction from question #58 they would debit the \_\_\_\_ account and credit the \_\_\_\_ account: (2 marks)

- a. office supplies, accounts payable
- b. accounts payable, office supplies
- c. office supplies, office supplies expense
- d. office supplies expense, office supplies

62. When the owner of Poodle Pad Company withdrew some of the supplies for personal use with no intention of paying back the company, they would debit the \_\_\_\_ account and credit the \_\_\_\_ account: (2 marks)

- a. office supplies, John Bush capital
- b. John Bush capital, office supplies
- c. office supplies, John Bush withdrawals
- d. John Bush withdrawals, office supplies

63. If Poodle Pad Company received a cash deposit from a customer for services to be provided in the future, they would debit the \_\_\_\_ account and credit the \_\_\_\_ account: (2 marks)

- a. cash, revenue
- b. revenue, cash
- c. cash, unearned revenue
- d. unearned revenue, cash

64. If Poodle Pad Company provides the service from the previous question they would then debit the \_\_\_\_ account and credit the \_\_\_\_ account: (2 marks)

- a. revenue, cash
- b. cash, revenue
- c. unearned revenue, revenue

d. revenue, unearned revenue

65. If Poodle Pad Company paid for the office supplies that were purchased in the transaction from question #58 then the \_\_\_\_ account would be debited and the \_\_\_\_ would be credited: (2 marks)

a. cash, accounts receivable

b. accounts receivable, cash

c. accounts payable, cash

d. cash, accounts payable