



Accounting challenge x 50Q

Tertiary Institute Group Round 1

Congratulations to the three winners who submitted the greatest number of correct answers! They are:

(in alphabetical order)

Name	HKID No. (only 3 digits shown)	Institute Name
Lee Chi Ming	Z 905xxx (x)	Hong Kong Community College
Leung Man Kin	Z 762xxx (x)	The Open University of Hong Kong
Lok Ping Cheung	Y 063xxx (x)	Hong Kong Community College

* Winners will be notified individually of prize collection details.

The Round 1 questions and answers are:

- 1 Question** : When was HKIAAT incorporated under the Companies Ordinance?
Answer : (B) 23 August 1988
- 2 Question** : Under the New Qualification Framework (NQF), what requirements an HKIAAT member is required to comply with?
I. Values
II. Status
III. Knowledge
IV. Practical experience
Answer : (C) I, III & IV
- 3 Question** : Goodwill may arise from which of the followings?
Answer : (D) All of the above (Reputation of the partners, Quality management and Valuable trademarks)
- 4 Question** : Mr. Lee is evaluating a project in Mainland China which he believes that if successfully delivered will largely improve the profitability for his own company. He has paid \$300,000 to a consulting firm for a feasibility study report and is now doing a Net Present Value (NPV) analysis for the project. The payment of \$300,000 is a kind of _____ cost.
Answer : (B) sunk



- 5 Question : Referred to the case in Question 4 above, the consultancy fee should
Answer : (D) not be included in the NPV analysis
- 6 Question : The predetermined overhead absorption rate for Grand factory is \$2 per machine hour and the budgeted machine hour for September 2009 is 5,000 hours. The actual machine hour run is 4,850 hours and the actual overheads incurred are \$11,080. The overhead is
Answer : (D) under-absorbed by \$1,380
- 7 Question : Which threats may occur as a result of the financial or other interests of a professional accountant or of an immediate or close family member?
Answer : (A) Self-interest threats
- 8 Question : Under HKAS16, the valuation of Property, Plant and Equipment (PPE) may include all of the following except
Answer : (D) Early settlement discount
- 9 Question : The financial manager of the FED Company is going to raise funds by borrowing from a bank at an annual interest rate of 9%, interest to be paid every six months. FED has a corporate tax rate of 17% and a debt/equity ratio of 50/50. What is the after tax annual effective cost of borrowing from the bank?
Answer : (C) 7.638%
- 10 Question : Which of the following works should be performed by Accredited Accounting Technicians?
I. Maintain financial records
II. Process management information
III. Prepare financial analysis
IV. Issue auditors' report
Answer : (C) I, II & III