

Five example questions from the Certificate in International Financial Reporting (CertIFRS for SMEs) assessment

The ACCA logo is displayed in white text on a dark rectangular background.

- 1 If an entity discovers a material prior period error, this should be corrected retrospectively.

Which of the following should be treated as a prior period error if discovered?

- A Fraud
- B Changes in a bad debt provision
- C Mathematical mistake
- D Impairment of an item of machinery

The correct answer is A and C.

- 2 **Financial statements should be prepared how often under IFRS for SMEs?**

- A At least annually
- B At least monthly
- C At least every 2 years
- D At least quarterly

The correct answer is A.

- 3 The following are allegedly features of a jointly controlled operation:

- 1. Each venturer recognises its share of the total assets of the jointly controlled operation.
- 2. Each venturer recognises the liabilities that it incurs in respect of the jointly controlled operation.
- 3. Each venturer recognises its share of the total revenues of the jointly controlled operation.

Which of these are actually features of a jointly controlled operation?

- A 1 and 2
- B 1 and 3
- C 2 and 3

The correct answer is C.

- 4 An entity incurred the following costs in connection with the construction of an item of plant:
1. \$23,000 to purchase raw materials, including recoverable sales taxes of \$3,000.
 2. \$10,000 directly incurred in the construction of the asset.
 3. \$8,000 of the entity's general administrative overheads allocated to this construction using the entity's normal allocation model.

What is the cost of the property, plant and equipment?

- A \$30,000
- B \$33,000
- C \$38,000
- D \$41,000

The correct answer is A.

- 5 **Which of the following cost formulas are permitted for measuring the cost of inventories that are not ordinarily interchangeable?**

- A FIFO or LIFO
- B FIFO or weighted average cost
- C LIFO or weighted average cost
- D FIFO, LIFO, or weighted average cost

The correct answer is B.