



Test Your Knowledge - 20 Common Accounting Errors & How to Fix Them

1) Which of the following provides a justification for non-depreciation of buildings?

- a. Fair value is high compared to cost
- b. Highly levels of repair expenditure incurred on the asset
- c. Residual value is high compared to cost
- d. The asset is being revalued and it therefore doesn't make sense to depreciate

2) What of the following rules applies to investment property under FRS 102?

- a. Under FRS 102 there is an accounting policy choice – cost or valuation
- b. Deferred tax is only provided on investment property revaluation gains under FRS 102 where there is a binding commitment to sell
- c. Revaluation gains on investment property are taken to other comprehensive income
- d. Mixed use properties do not always require separation into PPE and investment property elements under FRS 102

3) Which of the following statements about intangibles is correct under FRS 102?

- a. Intangible assets cannot be revalued
- b. The intangible asset recognition criteria in FRS 102 only apply to internally generated intangibles
- c. Goodwill must be amortised over a period of 10 years or less
- d. Both internally generated and purchased goodwill can be capitalised under FRS 102

4) Which of the following statements is true about leasing under FRS 102?

- a. Recent rule changes mean that companies can now choose to bring all leased assets on balance sheet
- b. If a company is unsure whether an asset is a finance lease or an operating lease it can apply the '90% test' tiebreaker
- c. Where a company can exercise an option to make a small payment at the end of the lease term to buy the asset, the lease is likely to be a finance lease
- d. Operating lease commitments are totally concealed in FRS 102 financial statements

5) Which of the following statements is true about provisions for liabilities under FRS 102?

- a. An inability to measure a provision for a liability can be a reason for not recognising it
- b. Where complying with legislation requires a company to incur costs to comply it must provide immediately
- c. Under FRS 102 companies sometimes need to discount creditors to net present value but not provisions for liabilities
- d. Disclosure requirements re provisions for liabilities are the same under full FRS 102 and FRS 102 Section 1A



- 6) When are deferred tax assets in respect of carried forward losses recognised under FRS 102?**
- a. Only when the losses can be utilised within 1-2 years
 - b. Only when it is the company's accounting policy choice to recognise such an asset
 - c. Only where it is deemed probable that the asset will be recoverable
 - d. Only where it is deemed virtually certain that the asset will be recoverable