

## *Financial Accounting Final Exam Problems*

The course material is vast; you are not expected to memorize all GAAP and IFRS accounting in 24 self-study sessions. The textbook explains the material and the NEAS discussion forum shows how all the procedures are implemented. The homework assignments ensure that you understand the concepts, and the final exam practice problems illustrate how you will be tested.

This post specifies the final exam problems you should focus on for this course. The practice problems review all the course material, but you will be tested on a subset of problems. To maximize the efficiency of your study, make sure you can reproduce each final exam problem solved in the posts mentioned below.

If any of these solutions are not clear to you, review the related practice problems, which have more detailed explanations. The illustrations in the textbook further explain the procedures.

The practice problems have multiple pieces, designed to provide a complete perspective while enabling you to prepare for the exam efficiently. For example, IFRS 17 is a complex system that requires numerous layers; to derive insurance revenue, one must first work out fulfilment cash flows, acquisition cash flows, the risk adjustment for non-financial risk, the contractual service margin, insurance finance expense, and accretion of interest. The discussion forum has practice problems for each piece, but you are not expected to know hundreds of pages for four modules. Many topics are specific to special circumstances, such as reinsurance, loss scenarios, or investments. The discussion forum shows you the type of problems on the final exam. The format of the problems will be the same on the coming exam, though the figures and topics tested differ on each exam. These questions are listed twice: once in the course modules and once on the final exam thread.

The discussion forum has practice problems even for topics that are too complex for the final exam. If you are a reinsurance actuary, you can find full explanations of IFRS 17 reinsurance accounting on the discussion forum, but you won't be tested on these in the VEE course. This posting tells you which topics will be tested final exam, so that you are sure to spend your study time wisely.

Each entry below shows the module where the post is found and the topics that are covered. The final exam does not try to trick you; the posts explain clearly what you must know.

FA Module 4 Current ratio & quick ratio practice exam questions, covering balance sheet entries, non-current liabilities, shareholders' equity, credit sales & purchases, current liabilities, current assets, inventory, accounts payable, accounts receivable, current assets, quick assets

FA Module 4 Profitability ratios practice exam questions, covering long-term debt, short term debt, other liabilities, common stock, additional paid-in capital, retained earnings, shareholders' equity, financial leverage, net income, shareholder dividends, return on equity.

FA Module 5 Accounts receivable inventory accounts payable practice exam questions, covering inventory, profit margins, credit sales, accounts receivable, inventory, accounts payable, payments to suppliers, cost of goods sold, inventory turnover, receivables turnover, cash received from customers, net revenue

FA Module 6 Sale of equipment practice exam questions, covering historical cost of equipment, accumulated depreciation for equipment

FA Module 6 Cash flow indirect method practice exam questions, covering cost of goods sold net revenue depreciation expense, net income, accounts receivable, inventory, accounts payable, receivables turnover, credit sales, cash received from customers, net revenue, gross profit margin, cost of goods sold, net revenue, inventory turnover, cost of goods sold, cash paid to suppliers, payables turnover, operating cash flow, financing cash flow, depreciation expense, change in retained earnings, shareholder dividends

FA Module 7 Turnover ratios practice exam questions, covering net revenue, cost of goods sold, net income, accounts receivable, inventory, accounts payable, receivables turnover, days of sales outstanding (DSO),

inventory turnover, days of inventory on hand (DOH), purchases of inventory from suppliers, payables turnover, days of payables, cash conversion cycle, days sales outstanding, days inventory on hand

FA Module 7 Diluted EPS for convertible debt practice exam questions, covering convertible bonds, net income available to common shareholders, basic earnings per share, dividend payout ratio, earnings retention rate, If-converted method numerator, If-converted method denominator, diluted earnings per share

FA Module 7 Diluted EPS for convertible preferred shares practice exam questions, covering common shares, preferred shares, convertible preferred shares, net income available to common shareholders, basic earnings per share, dividend payout ratio, earnings retention rate, if-converted method numerator, if-converted method denominator, diluted earnings per share

FA Module 7 Diluted EPS for stock options reverse practice exam questions, covering executive stock options, basic earnings per share, Treasury stock method numerator, Treasury stock method denominator, diluted earnings per share, exercise price of stock options

FA Module 7 Interest coverage ratio reverse practice exam questions, covering effective tax rate, interest coverage ratio, fixed charge coverage ratio, net income,

FA Module 7 DuPont analysis reverse practice exam questions, covering effective tax rate, interest coverage ratio, earnings before interest and taxes, total asset turnover, financial leverage, tax burden, interest burden, interest coverage ratio, net profit margin, return on assets, asset turnover ratio, return on equity, return on assets, financial leverage)

FA Module 7 Interest coverage ratio practice exam questions, covering net revenue, lease expense, interest expense, net income, earnings before interest and taxes, interest coverage ratio, fixed charge coverage ratio

FA Module 8 Inventory FIFO practice exam questions, covering first-in first-out (FIFO) inventory method, inventory at year-end, cost of goods sold, cost per unit, inventory turnover, gross profit margin, net revenue)

FA Module 8 Inventory weighted average practice exam questions, covering units of inventory at year-end, units held at year-end, units bought, units sold, inventory turnover, gross profit margin, cost of goods sold, net revenue

FA Module 9 Capitalized interest practice exam questions, covering financial leverage, carrying value, interest expense, depreciation, estimated useful life, shareholders' equity, capitalized interest

FA Module 9 Double declining balance and deferred taxes practice exam questions, covering shareholders' equity, long-lived assets, estimated useful life, salvage value, tax rates, operating losses, deferred tax assets and liabilities, straight line depreciation, double declining balance depreciation, depreciation expense, shareholders' equity, financial leverage, tax basis, carrying value

FA Module 10 Solvency ratios practice exam questions, covering non-debt liabilities, debt-to-equity ratio, debt to assets ratio, debt to (total) capital ratio

FA Module 10 Debt amortization practice exam questions, covering interest expense, amortization of premium, accrual of discount, carrying value, yield to maturity,

FA Module 11 Finance lease practice exam questions, covering fair value of the equipment, present value of the lease payments, useful life of the equipment, salvage value, straight line depreciation, interest accrued, lease liability, operating cash flow, financing cash flow,

FA Module 13 Tax expense with deferred taxes practice exam questions, covering taxes paid, current tax asset, current tax liability, deferred tax asset, deferred tax liability, tax expense

FA Module 13 Depreciation and deferred taxes practice exam questions, covering Depreciation, deferred tax assets, deferred tax liabilities, carrying value, purchase price, financial depreciation, tax basis

FA Module 13 Capital gains and deferred taxes practice exam questions, covering available for sale (GAAP) = fair value through other comprehensive income (IFRS), held for trading (GAAP) = fair value through profit or loss (IFRS), Unrealized capital gains and losses, other comprehensive income, deferred tax asset (liability)

FA Module 14 Pension fair value assets practice exam questions, covering defined benefit pension plans, employer contributions, current service costs, past service costs, discount rate for plan liabilities, benefit obligation, actuarial gain/loss, fair value of plan assets, actual return on plan assets, expected rate of return on plan assets, total service cost, past service cost, current service cost, pension benefits paid,

FA Module 14 Pension funded status practice exam questions, covering current service cost, past service cost, actuarial gain (or loss), benefit obligations at beginning of year, benefits paid, fair value of plan assets at beginning of year, actual return on plan assets, employer contributions, fair value of the plan assets, remeasurement gain or loss, total service cost, current service cost, past service cost, interest cost on the benefit obligation, benefit obligation at the beginning of the year, benefit obligation at the end of the year, actuarial gain or loss, fair value of plan assets, periodic pension cost, funded status

FA Module 16 Equity method basic practice exam questions, covering net income, shareholder dividends, investment in subsidiaries, net income from subsidiary

FA Module 16 Equity method Robinson downstream sale practice exam questions, covering identifiable net assets, annual amortization of the excess purchase price, equity income from the investment in the subsidiary, parent's share of net income

FA Module 17 goodwill methods practice exam questions, covering cash & marketable securities, accounts receivable, inventory, property, plant, & equipment (net), accounts payable, additional paid-in capital, retained earnings, book value of assets, book value of liabilities, shareholders' equity: cash, accounts receivable, inventory, property, plant, and equipment, accounts payable, long-term debt, common stock)

FA Module 19 Foreign currency translation practice exam questions, covering shares of stock, long-term debt, fixed assets, local currency, presentation currency, net revenue, cost of goods sold, depreciation expense, interest expense, net receivables, accumulated depreciation, translated net revenue, translated cost of goods, current rate method, translated cost of goods sold, temporal method, translated inventory, translated depreciation expense, translated interest expense, translated tax expense, translated net income, translated shareholder dividends, translated retained earnings, translated total assets, translated long-term debt, translated common stock, translation adjustment, translated retained earnings

FA Module 20 GAAP premium deficiency: focus on agents' commission, underwriting costs, deferrable expenses, estimated costs for other incurred claims at nominal and present values, estimated claims for unexpired portion of the policy year at nominal and present values, deferred policy acquisition costs, unearned premium reserve, premium deficiency, pre-tax insurance income.

FA Module 24 IFRS 17 basic practice exam questions, covering initial recognition, fulfilment cash flows, acquisition cash flows, coverage period, investment component, risk adjustment for non-financial risk, present value of future cash outflows, contractual service margin, insurance finance expense, allocation of the contractual service margin to profit or loss, accretion of interest, insurance revenue, insurance contract liability,

For instance, the last posting mentioned above is in both the Financial Accounting Module 24 (IFRS 17) thread and the Financial Accounting Final Exam thread.

Most exam problems are an accounting scenario followed by 2, 3, or 4 multiple choice questions.