



Accounting and Financial Reporting – Extra Questions

Meeting 4



Welcome To Success Formula Extra Questions

What Is It?

This free set of custom questions gives you a clear taste of what to expect on the exam and helps you check if you are keeping up with the material. They are based on our Weekly Meetings and cover the key topics you need to know. The difficulty of each question is shown in the corner by the number of lit Success Formula logos. Share, discuss, and have fun testing your knowledge with them! 😊

How Does It Work?

Give the questions a go on your own! We are not giving the answers on purpose. Peeking would make it way too easy. Stuck or unsure? Come into into our WhatsApp group and discuss them with us. The link/QR is on the last slide if these questions were shared with you.



Exam Time!



Question

Success Formula accounts for uncollectable accounts using the allowance method. Which of the following statements is true when recording a write-off? Assume there is sufficient credit balance in the allowance for doubtful receivables account.

Answers

- A. When recording a write off, the net receivables decrease.
 - B. When recording a write off, the net receivables increase.
 - C. When recording a write off, the net receivables stay unchanged.
 - D. When recording a write off, only the accounts receivable decrease.
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Exam Time!



Question

When doing the adjusting entries, Success Formula estimates that 8% of their total 10,000€ accounts receivable balance will be uncollectible. The current credit balance in the allowance for uncollectible accounts before the year-end review was €690. The bad debt expense for the year is:

Answers

- A. 1490€
- B. 800€
- C. 690€
- D. 110€



Exam Time!



Question

On November 1st, Success Formula paid 10,000€ to add air-conditioning to their rooms. This addition significantly increases the usage and productivity of our building. It also paid 100€ for a weekly cleaning service. Which of the following statements is correct?

Answers

- A. The total 10,100€ can be capitalised, thus increasing the value of our PPE.
 - B. Only the 10,000€ can be capitalised, the 100€ have to be expensed.
 - C. Only the 100€ can be capitalised, the 10,000€ have to be expensed.
 - D. The total 10,100€ has to be expensed, thus decreasing our net income.
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Exam Time!



Question

On January 1, 2024, Success Formula purchased equipment for 10,000€. The estimated useful life of the equipment is 10 years. The estimated salvage value is 2,000€. If Success Formula uses the double declining balance method of depreciation, what will be the debit to depreciation expense for the year ended December 31, 2025?

Answers

- A. 800€
 - B. 1600€
 - C. 2000€
 - D. We do not have sufficient information to calculate the depreciation expense.
-



Exam Time!



Question

Success Formula purchased equipment on January 1, 2022 for 100,000€. The equipment has an estimated useful life of 10 years and an estimated residual value of €20,000. After using the equipment for 3 years, the company determined that the equipment has a remaining useful life of 8 years and will have a residual value of €15,000. Assuming that Success Formula uses straight-line depreciation, calculate the depreciation expense for the year ending December 31, 2025.

Answers

- A. 7,000€
 - B. 7,625€
 - C. 8,000€
 - D. 8,500€
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