Welcome To Starry Gold

FinancialAccountingAndFinancialStatementAnalysis
EconomicsAndFinancialMarkets
QuantitativeAnalysisAndStatistics

Live Class

Starting By 12:30pm

Prompt.

11/09/2021

CHARTERED INSTITUTE OF STOCKBROKERS (CIS)

Paper 1.1

FinancialAccountingAndFinancialStatementAnalysis
EconomicsAndFinancialMarkets
QuantitativeAnalysisAndStatistics

SEPTEMBER 2021 DIET

LIVE CLASS

Examination Tips

- **Get Set** - Get your Biro, ruler, Exam dockets & Calculator
- ***Mental***&***Emotional*** Stability - Sleep well
- You need***100%Focus***. **Avoid distractions**&<u>Panicking</u>
- Believe In Yourself –

  What you know is Enough for you to pass the exam.
- Read **<u>carefully ALL instructions at the top of the paper</u>**(eg Attempt 4 questions out of 6)
- Identify 3 Questions you know BEST, and start with them – **First impression matters a lot.**
- Ensure you **<u>attempt all</u> the 4 questions**

- Start <u>**a new question on a fresh page**</u> of your Answer sheet.
- Straight-to-point Answer - Be precise in ‘definition’, merits & demerits’. Consider allotted mark to each question.
- Give **relevant EXAMPLES** where necessary to buttress your point.
- In your calculation, <u>Check</u> the accuracy of your figures and formulas.

<u>Time allocation is very Key:</u>

- Time management is extremely critical.
- TO ATTEMPT <u>**4**</u> OUT OF <u>**6**</u>QUESTIONS,
- **SECTION “A” COMPULSORY – 40MKS**,
- **SECTION B – 20MKS EACH**, ATTEMPT <u>**3**</u> OUT OF <u>**5**</u>

*****REQUIRED_COMPETENCE AT THIS LEVEL*** QUESTION **ANALYSIS & INTERPRETATION.**

3 1/4Hours (195mins) Exam Time Allocation			
Reading & Planning	15 Mins	Marks	
Q1	65 Mins	40 mks	
Q2	35 Mins	20 mks	
Q3	35 Mins	20 mks	
Q4	35 Mins	20 mks	
Review & Correction	10 Mins		
TOTAL	195Mins	100 mks	

Now Let Us Start

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FinancialAccountingandFinancialStatementAnalysis

1. The primary purpose of financial accounting and reporting is to:
   A. Advise Directors.
   B. Satisfy stewardship and accountability responsibilities.
   C. Aid decision-making and good management.
   D. All of the above.

2. Which of the following is typically not an asset in the books of a sole trader?
   A. Goodwill.
   B. Prepaid rent.
   C. Stock.
   D. Cash deposit.

3. Which of the following is not a source document for the preparation of the financial accounts of a business?

A. Sales journal.
B. Credit note.
C. Trial balance.
D. Sales invoice.

4. Which of the following is not a reason for depreciating non-current assets?
A. Passage of time.
B. Revaluation.
C. Wear & tear.
D. Obsolescence.

5. Which of the following errors will not affect the balancing of the trial balance?

A. Error of principle.
B. Error of commission.
C. Compensating error.
D. All of the above.

6. Mai Kudi's income statement shows sales of N1,000,000; cost of goods sold of N400,000; pre-interest operating expense of N300,000; and interest expense of N100,000. Mai Kudi's interest coverage ratio is closest to:

A. 2 times.
B. 3 times.
C. 4 times.
D. 10 times.

7. What is the effect of under-valuation of closing stock on the income statement of any organization

A. Capital will be understated.
B. Net profit will be understated.
C. Net profit will be overstated.
D. Expenses will be understated.

8. Which of the following ratios is used to measure the effectiveness of the use of a company’s resources to generate revenue?

A. Gearing ratio.
B. Asset turnover.
C. Quick ratio.
D. Gross Margin.

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9. In preparing financial statements, accountants normally assume that an entity would continue in business into perpetuity without any factor that would force the business into liquidation, or make it to curtail its scale of operations significantly. Which of the following accounting concepts is applicable?

A. Consistency.

B. Going concern.

C. Accrual.

D. Historical cost.

10. Which of the following characteristics least likely contributes to the reliability of financial statements?

A. Substance over form.

B. Comparability.

C. Prudence.

D. Completeness.

THEORY

You are given below the Statement of Financial Position and Income Statement of a firm.

Statement of Financial Position As at 31st December	**2011**	**2010**
Non - Current Assets:		
Property, Plant and Equipment	1,350	900
Current Assets:		
Inventory	700	800
Accounts receivable	300	400
Cash	250	400
Total Asset	2,600	2,500
Liabilities & Equity		
Current liabilities:		
Accounts payable	600	1,240
Interest payable	20	10
Dividends payable	50	50
Bank overdraft	1,130	500
	1,800	1,800
Ordinary shares	450	400
Retained earnings	350	300
	2,600	2,500

Income statement for the year ended 31st December	2011
Sales	1,500
Cost of goods sold	1,100
Gross Profit	400
Depreciation	100
Interest expense	60
Taxes	40
Net Income	200

Calculate the following ratios

1. Current ratio
2. Net profit margin
3. Cash Ratio
4. Working capital
5. Gross profit margin

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Question 1

In the equation GDP = C + I + G + (X - M) , imports (M) are subtracted from the other types of expenditure because:

A. Imports reduce national welfare.
B. Other countries do not import goods from the U.S
C. The value of imports is included in the other components of spending.
D. The value of imports is difficult to determine due to the fact that they are frequently stated in terms of foreign currency.

Question 2

Which of the following is considered the most important function of the Central Bank?
A. Controlling the money supply through monetary policy.
B. Supervising commercial banks.
C. Supplying the economy with the paper currency.
D. Providing for the collection of cheques.

Question 3

The velocity of money measures:

A. The amount of spending in the economy.

B. The average number of times a currency is spent on new goods and services in a year.

C. The relationship between the value of money and the price level.

D. The relationship between the money supply and interest rates.

Question 4

If a 5% increase in the price of one good result in a decrease of 2% in the quantity demanded of another good, then it can be concluded that the two goods are:

A. Complements.

B. Substitutes.

C. Independent.

D. Normal.

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Question 5

If a nation had a balance of payment surplus and exchange rates floated freely, the foreign exchange rate for its currency would:

A. Rise, its export would increase, and its imports would decrease.
B. Rise, its exports would decrease, and its imports would increase.
C. Fall, its exports would increase, and its imports would decrease.
D. Fall, its exports would decrease and its imports would increase.

Question 6

For a market outcome to be efficient:

A. Marginal costs and marginal benefits must be zero.
B. There can be external benefits but no external costs.
C. Marginal benefits and marginal costs must be equal.
D. Total benefits and total costs must be equal.

Question 7

Which of the following would cause aggregate consumption spending to increase?

A. An increase in disposable income.

B. An increase in the price level.

C. An increase in the interest rate.

D. A decrease in the expected level of future income.

Question 8

Which of the following would cause a shift to the right of the investment function?

A. An increase in interest rates.

B. A decrease in expected profits.

C. An increase in taxes.

D. An increase in the capacity utilization above 85%

Question 9

To be classified as a financial intermediary, an institution must:

A. Collect funds from savers and control the money supply.

B. Accept depos[illegible] make loans.

C. Pay interest[illegible]tors.

D. Make loan[illegible] the acceptance of deposits to others.

Question 10

Deficit spendi[illegible]government is best described as:

A. Expansionar[illegible]policy.

B. Contractionary [illegible]cal policy.

C. Expansionary monetary policy.

D. Contractionary monetary policy.

Question 11

What statement would best complete a short definition of economics, ‘Economics is the study of ___________

A. How businesses produce goods and service.

B. The efficient use of scarce productive resources.

C. The equitable distribution of society’s income and wealth.

D. The printing and circulation of money throughout the economy.

THEORY

What is the difference between ‘economic profit’ and ‘accounting profit’?

GDP in an economy is N3,452 billion, Consumer expenditures are N2,343 billion, Government purchases are N865 billion, and Gross investment is N379 billion.

Compute Net exports.

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QUESTION 1

1(a)Explain briefly theconcept of‛ time value of money

(b)FindtheexpressionfordQ/dP,forthesupplyfunctionQ=P^2+ P+1

(c)Whatdoes‘coefficientofdetermination’measure?

QUESTION 2

2(a)Thefollowingtableindicatesthe marksscoredby100candidatesintheQuantitativeAnalysispa perofa professionalexamination.

Marks(%)	Frequency (No.ofcandidates)
25 – 34	3
35 – 44	10
45 – 54	21
55 – 64	33
65 – 74	20
75 – 84	8
85 – 94	5
Total	100

1)Find the probability that a randomly selected candidate scored more than 54percentintheexamination.

2) Find the probability that a randomly selected candidate scored between 45 and75percent.

3)Obtainthe cumulativefrequencyofthemarksdistributionabove.

Thank You For Being With Me Through The Class

And Your Contributions.

Bye For Now

And Good Luck In Your Exams

If You Have More Questions To Ask

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