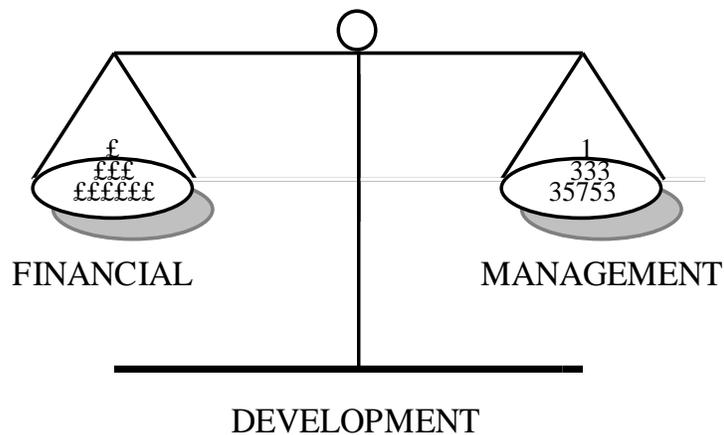


FINANCIAL MANAGEMENT DEVELOPMENT

Test Your Knowledge

NO 511

DIAGNOSTIC QUESTIONS



ONE OF A SERIES OF GUIDES FOR
FINANCIAL MANAGEMENT DEVELOPMENT
FROM

www.FinancialManagementDevelopment.com

This is one of a series of documents produced by David A Palmer as a guide for managers on specific financial topics to assist informed discussion. Readers should take appropriate advice before acting upon any of the issues raised.

DIAGNOSTIC QUESTIONS

These questions have been designed to help you to consider your training needs with regard to finance. They should take less than one hour of your time to complete. Some possible answers are on 512.

Please note that in some cases more than one answer is correct.

1. When is a sale recognised in the accounts of a company?
 - (a) When the order is received
 - (b) When the goods are made
 - (c) When the goods are delivered
 - (d) When the invoice is raised
 - (e) When the cash is received

2. If £10,000 is spent on advertising, what is shown in the accounts?
 - (a) An asset of £10,000
 - (b) A liability of £10,000
 - (c) A cost of £10,000
 - (d) Income of £10,000

3. If £10,000 is spent on new word processors, what is shown in the accounts?
 - (a) An asset of £10,000
 - (b) A liability of £10,000
 - (c) A cost of £10,000
 - (d) Income of £10,000

4. A client pays in advance for work. Is this
 - (a) An asset
 - (b) A liability
 - (c) A good thing
 - (d) A sale

5. A bill is received for electricity so you put it in a drawer and forget it. Is this
- (a) An expense
 - (b) A liability
 - (c) A good idea
 - (d) Helpful to cashflow
6. Do any of the following describe a Balance Sheet, or a Profit and Loss Account?
- (a) A statement of sales less costs for a given period
 - (b) A statement of cash receipts and cash payments for a given period
 - (c) A statement of assets and liabilities
 - (d) A list of items owned and items owed by a business
7. What is the difference between capital and revenue expenditure?
- (a) Capital expenditure relates to fixed assets, revenue expenditure relates to sales
 - (b) Capital expenditure relates to shares, revenue expenditure relates to income
 - (c) Capital expenditure relates to fixed assets, revenue expenditure relates to costs
 - (d) Capital expenditure is bigger
8. What is depreciation?
- (a) A tax allowance related to fixed assets
 - (b) An accounting trick to hide costs
 - (c) A cash payment for the use of assets
 - (d) A charge to spread large capital costs over the life of the asset
9. Where in a set of Published Financial Accounts will you find?
- (a) The value of the employees
 - (b) The value of the order book
 - (c) The value of work completed but not yet invoiced
 - (d) The value of the organisation

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David is an experienced financial professional who has devoted his skills to management training in practical understanding and utilisation of financial information. A Graduate, Chartered Accountant, and Associate of the Institute of Taxation, he is also a Member of the Chartered Institute of Personnel and Development and has been an Ordained as a Deacon in the Catholic Church.

He has worked as a Financial Controller and Company Secretary in the Finance industry and as a Director of Finance and Administration in the Computer Services industry. Since 1990 he has conducted management development programmes for over forty major organisations including Arla Foods, Blue Circle, BP, CSC Computer Sciences, Conoco, Ernst & Young, Lloyds Bowmaker, Royal Mail, Unilever and Zeneca. He also runs programmes for the Leadership Foundation and the management teams at a number of Universities. International training experience includes work in Belgium and Holland for CSC, in Denmark, Kenya and the Czech Republic for Unilever, in Holland and the US for Zeneca, in Dubai for Al Atheer, in Bahrain and Saudi Arabia for Cable & Wireless.

He specialises in programmes in financial management for both tactical and strategic decision making. In addition he has run courses in acquisition evaluation (The Economist, Eversheds, Blue Circle and Hays Chemicals) and in post-acquisition management (Unilever). All training is specifically tailored to the needs of the organisation with the emphasis on practical applications to enhance profitability and cashflow. He has developed material for delivery by in-house personnel (Royal Mail, Lloyds Bowmaker and Conoco), computer based training packages (The Post Office, Unilever and BP), and post course reinforcement self-study workbooks (CSC and Zeneca). He has also produced a training video on Cashflow Management.

He is a prolific writer of case studies, role plays and course material. He has also published articles on the financial justification of training, financial evaluation of IT investment proposals, the use of Activity Based Costing and Customer Profitability statements, commercial considerations for consultants, the need for taxation awareness training for general managers, evangelisation and Christian business ethics.

Many of his generic documents are freely available on his website:

FinancialManagementDevelopment.com including papers on Charity Management.

In addition to his Diaconal work in the Church, he has held a number of voluntary positions including University, College and School Governor, Hospice Treasurer and Trustee of various charitable institutions. He continues to provide ad hoc commercial advice to several other charitable organisations. He has been married for over 35 years and has one daughter and three granddaughters.

This series of papers is designed to help managers by providing a basic understanding of key financial concepts to assist them in their work. It is provided at no cost since this knowledge is a Gift from God and thus to be shared (Matthew 10:8).