Part (A)
No. of Questions: 35(Answer all Questions)

Question 1:

The following information is relevant to the calculation of the sales figure for Alpha, a sole trader who does not keep proper books:

	SDG
Opening accounts receivable	29,100
Cash received from credit customers and paid into bank	381,600
Expenses paid out of cash received from credit customers before banking	6,800
Bad debts written off	7,200
Refunds to credit customers	2,100
Discounts allowed to credit customers	9,400
Cash Sales	112,900
Closing accounts receivables	38,600

The figure which should appear in Alpha's trading account for sales is:

A. SDG 525,300
B. SDG 511,700
C. SDG 529,500
D. SDG 510,900

Question 2:

The sales of a business are SDG 280,000 and there is mark-up on cost of 40%.
What is the figure for cost of sales?

A. SDG 200,000
B. SDG 280,000
C. SDG 260,000
D. SDG 240,000

Question 3:

The sales of a business are SDG 280,000 and there is a mark-up on cost of sales 40%.

How much is the gross profit?

A. SDG 112,000
B. SDG 80,000
C. SDG 100,000
D. SDG 120,000

Question 4:

The opening stock of a trader was 14,700 SDG. The trader purchased goods during the year for 96,080SDG and sales were 180,000. The gross profit on cost is 80% per year.

The closing stocks would be:

A. 10,780 SDG
B. 18,620 SDG
C. 45,380 SDG
D. 74,780 SDG

Question 5:

Which statement is not true?

A. Inventory is shown on the income statement and in the financial position.
B. Expenses should be included in the income statement.
C. Inventory should be included in the financial position only.
D. Receivables are included in current assets on the financial position.

Question 6:

At the end of the year there was a stock which was valued at cost 186,000 SDG and sold to a customer for 212,000 SDG and was still in the stores and erroneously counted in the stock at the stock-taking.

The profit will be affected:-

A. Increased by 186,000 SDG
B. Increased by 212,000 SDG
C. Decreased by 26,000 SDG
D. Will not be effected

Question 7:

A sales tax registered business in the first period of trading charges SDG 8,000 of sales tax on its sales and suffers SDG 6,750 of sales tax on its purchases which includes SDG 1,250 irrecoverable sales tax on business entertaining.

How much sales tax is due to or receivable from the tax authorities at the end of the first period of trading?

A. SDG 2,500 due to the tax authorities.
B. SDG 2,500 receivable from the tax authorities.
C. SDG 1,250 due to the tax authorities.
D. Nil due to or receivable from the tax authorities.

Question 8:

Which of the following statements about sales tax is true?

1) Sales tax charged on purchases is an expense to a business if the business is not sales tax registered.
2) Sales tax is charged by all business when they sell products.

A. (1) only
B. (2) only
C. Both (1) and (2)
D. Neither (1) or (2)

Question 9:

Your organisation uses the continuous weighted average cost method of valuing inventories. During August 2016, the following inventory details were recorded:

Opening balance	30 units valued at SDG 2 each
5 August	purchased 50 units at SDG 2.40 each
10 August	issue of 40 units
18 August	purchase of 60 units at SDG 2.50 each
23 August	issue of 25 units

What is the value of the inventory at 31 August 2016?

A. SDG 172.50
B. SDG 176.25
C. SDG 180
D. SDG 187.50

Question 10:

In times of rising prices, the FIFO method of inventory valuation, when compared with the average cost method of inventory valuation, will usually produce which of the following?

A. A higher profit and a lower closing inventory value.
B. A higher profit and a higher closing inventory value.
C. A lower profit and a lower closing inventory value.
D. A lower profit and a higher closing inventory value.

Question 11:

An organisation asset register shows a carry value of SDG 135,600. The non-current asset account in the nominal ledger shows a carrying value of SDG 125,600.

Which of the following disposals, if not deducted from the assets register could account for the difference?

A. Asset A with disposed proceeds of SDG 15,000 and a profit on disposal of SDG 5,000.
B. Asset B with disposed proceeds of SDG 15,000 and a carrying value of SDG 5,000.
C. Asset C with disposed proceeds of SDG 15,000 and a loss on disposal of SDG 5,000.
D. Asset D with disposed proceeds of SDG 5,000 and a carrying value of SDG 5,00s0.

Question 12:

The trucks account cost of a business for the year ended 31 December 2016 was as follows:

2016	**trucks-cost SDG**	**2016**	**SDG**
1 Jan balance	240,000	31 Mar disposal account	60,000
30 Jun cash-purchase & assets	160,000	31 December balance	340,000
	400,000		400,000

Brought forward accumulated depreciation at 1 January 2016 was SDG 115,000. The truck disposed of on 31 January had a carrying value of SDG 20,000.

The company's policy is to charge depreciation at 20% per year on the reducing balance, and charges a full year's depreciation in the year of acquisition and none in the year of disposal.

What should be the depreciation charge for the year ended 31 December 2016?

A. SDG 68,000
B. SDG 57,000
C. SDG 53,000
D. SDG 21,000

Question 13:

Dodge Co's financial statement show a carrying value of SDG 950,000 for capitalised development expenditure, its policy is to amortise development expenditure on a straight line basis at 5% per annum. Accumulated Amortisation brought forward is SDG 50,000.

What is the charge in the statement of profit or loss for the year's amortisation?

A. SDG 43,500
B. SDG 47,500
C. SDG 45,500
D. SDG 50,000

Question 14:

Which of the following is capital, as opposed to revenue expenses?

1) The repair of a machine currently used in the production process that has broken down.
2) The cost of an extension to a factory building, which doubles the size of the production.
3) The cost of installing a new machine in a factory.

A. (2) only
B. (1) and (2) only
C. (2) and (3) only
D. (1) , (2) and (3)

Question 15:

A company receives rent from a large number of properties. The total received in the year ended 30 June 2012 was SDG 1,203,000.

The following were the amounts of rent in advance and in arrears at 30 June 2011 and 2012:

	30 June 2011	30 June 2012
	SDG	**SDG**
Rent received in advance	71,750	78,000
Rent in arrear (all subsequently received)	53,000	46,000

What amount of rental income should appear in the company statement of profit or loss for the year ended 30 June 2012?

A. SDG 1,152,250
B. SDG 1,189,750
C. SDG 1,216,250
D. SDG 1,253,750

The following information relates to Q16 and Q17:

North Co. has a receivables balance at 31 October 2017 of SDG 456,330. The accountant of North Co. is preparing the financial statements for the year ending 31 October 2017 and must account for the following:

1. A balance owed by South Co. of SDG 780 is deemed irrecoverable and must be written off.
2. The brought forward receivables allowance is SDG 15,255. The allowance for receivables should be adjusted to the equivalent of 5% of the outstanding receivables balance.
3. A payment of SDG 450 from East Co. has been received on 30 October, the payment relates to a balance that has previously been written off as irrecoverable by North Co.

Question 16:

What value for receivables should appear in the statement of financial position of North Co. at 31 October 2017?

A. SDG 432,733.50
B. SDG 432,772.50
C. SDG 433,222.50
D. SDG 433,513.50

Question 17:

What is the total amount that should appear in the income statement for irrecoverable debts expense at 31 October 2017?

A. SDG 7,522.50
B. SDG 7,852.50
C. SDG 7,891.50
D. SDG 8,302.50

Question 18:

A fire on 30 September destroyed some of a company's inventory and its inventory records. The following information is available:

Inventory at 1 September	SDG 318,000
Sales for September	SDG 612,000
Purchases for September	SDG 412,000
Inventory in good condition at 30 September	SDG 214,000
Gross profit percentage on sales is	25%

Based on this information, what is the value of the inventory lost?

A. SDG 96,000
B. SDG 27,000
C. SDG 26,000
D. SDG 57,000

Question 19:

Which of the following statements are correct?

1) IAS1 requires that some items must appear on the face of the statement of financial position.
2) IAS1 requires that a company must present combined statement of profit or loss or other comprehensive income.

A. (1) only
B. (2) only
C. (1) and (2)
D. Neither (1) or (2)

Question 20:

Electricity paid during the year is SDG 14,000. There was an opening accrual of SDG 500. A bill for the quarter ended 31 January 2017 was SDG 900. What is the electricity charge in the statement of income the year ended 31 December 2017?

A. SDG 14,000
B. SDG 14,100
C. SDG 13,900
D. SDG 14,400

Question 21:

A company has a provision for warranty claims b/f of SDG 50,000. It does a review and decides that the provision needed in future should be SDG 45,000.

What is the effect on the financial statements?

	Income statement	**Financial position**
A.	Increase expenses by SDG 5,000	provision SDG 50,000
B.	Increase expenses by SDG 5,000	provision SDG 45,000
C.	Decrease expenses by SDG 5,000	provision SDG 50,000
D.	Decrease expenses by SDG 5,000	provision SDG 45,000

Question 22:

How does a company account for a contingent asset that is not probable?

- **A.** By way of note.
- **B.** As an asset in the statement of financial position.
- **C.** It does nothing.
- **D.** Offset against any associated liability.

Question 23:

A received statement of account from a supplier, B, showing a balance to be paid of SDG 14,560 at 31 August 2011, A payables ledger account for B shows a balance due to B of SDG 12,160.

Investigation reveals the following:

1. A credit note received by A for goods returned to B has been incorrectly recorded in A's books SDG 4,200 instead of SDG 2,400.the credit note is correctly recorded on the statement from B.
2. B has allowed A a cash discount of SDG 150 which has not yet been recorded in A's ledger account.

What discrepancy remains between A and B records after allowing for items?

- **A.** SDG Nil
- **B.** SDG 150
- **C.** SDG 750
- **D.** SDG 4,350

Question 24:

The following bank reconciliation statement has been prepared by a trainee accountant:

	SDG
Overdraft per banks statement	3,860
Less outstanding cheques	9,160
	5,300
Add: Deposits credited after date	16,690
Cash at bank	21,990

What should be correct balance per cashbook?

- **A.** SDG 21,990 Balance at bank
- **B.** SDG 3,670 Balance at bank
- **C.** SDG 11,390 Balance at bank
- **D.** SDG 3,670 overdrawn

Question 25:

In preparing bank reconciliation statement, the following items are causing the differences between the bank balance and the bank statement balance:

1. Bank charges.
2. Error by bank (cheque incorrectly debited by bank).
3. Lodgements rents not credited.
4. Outstanding cheques.
5. Direct debit.
6. Cheques dishonored.

Which of these items will require an entry in cashbook?

A. (2) , (4) and (6)
B. (1) , (5) and (6)
C. (3) , (4) and (5)
D. (1) , (2) and (3)

Question 26:

A suspense account was opened when a trial balance failed to agree. The following errors were discovered:

1. A gas bill of 420 SDG had been recorded in the gas account as 240 SDG.
2. Discount of 50 SDG given to a customer had been credited to discounts received.
3. Interest received of 70 SDG had been entered in the bank account only.

The original balance on the suspense account was:

A. Debit 210 SDG
B. Credit 210 SDG
C. Debit 160 SDG
D. Credit 160 SDG

Question 27:

Powla is trying to work out her cost of sales for the year ended 31 December 2009. She has the following details for supplier and inventory balances:

	At 1 January 2009	At 31 December 2009
Suppliers	SDG 15,264	SDG 16,812
Inventory	SDG 6,359	SDG 4,919

In the year to 31 December 2009, Powla payments to suppliers totaled SDG 141,324.

What was Powla's cost of sales for the year to 31 December 2009?

A. SDG 149,231
B. SDG 144,312
C. SDG 142,872
D. SDG 141,432

Question28:

Marlin Co owns 100% of Kyle co. the following information has been extracted from the individual company statements of financial position as at 31 December 2008:

	Martin Co	Kyle Co.
	SDG	SDG
Current assets	250,000	100,000
Current liabilities	110,000	45,000

Included the receivables Martin Co. and the payables of Kyle Co is an amount of SDG 6,000 owed to Martin Co by Kyle Co.

If there are no other intragroup balances, what amount would be shown for consolidated current assets?

A. SDG 149,000
B. SDG 350,000
C. SDG 344,000
D. SDG 356,000

Question 29:

Which of the following transactions would not increase company's retained earnings for the year?

A. Revaluation of a freehold factory from SDG 140,000 to SDG 250,000.
B. Receipt of SDG 5,000 from a debtor previously written off.
C. Discount received of SDG 1,000 from a supplier.
D. Sell car for SDG 6,000 and was depreciated by SDG 4,500.

Question 30:

Which of the following should appear in a company's statements of changes in equity?

1. Profit for the financial year.
2. Amortisation of capitalised development costs.
3. Surplus on revaluation of non-current assets.

A. All three items
B. (2) and (3) only
C. (1) and (3) only
D. (1) and (2) only

Question 31:

Should dividends paid appear on the face of a company's income statement?

A. Yes
B. No

Question 32:

Where are the following items shown in a company's financial statements?

1) Gains on property revaluation.
2) Dividend paid.
3) Bonus issue of shares.

	Income statement And other comprehensive income	statement of changes in equity
A.	(1) and (2)	(2) and (3)
B.	(1) and (3)	(1) and (2)
C.	(1) only	(1) , (2) and (3)
D.	(1) only	(2) and (3)

Question 33:

How would the following investments be accounted for in the consolidated financial statements of a company?

1. Investment of 30,000 ordinary shares in X co. X co has a total of 45,000 ordinary shares.
2. Investment of 21% of the ordinary shares in Major Inc. the holding Co. has the right to appoint 4 out of 6 of the board of directors of Major Inc.

	Subsidiary	Associate
A.	(1)	(2)
B.	(1) and (2)	-
C.	-	(1) and (2)
D.	(2)	(1)

Question 34:

Lorel Co. a limited Liability company had the following capital structure:

	SDG000
Share capital SDG 0.50 ordinary shares	45,000
Share premium	60,000
	105,000

The company made a bonus issue of 2 shares for every 3 shares held, using the share premium account for the purpose.

What was the company's capital structure after the bonus issue?

	Ordinary Share Capital SDG	**Share Premium SDG**
A.	60,000	45,000
B.	75,000	30,000
C.	105,000	Nil
D.	112,000	(7,500)

Question 35:

Which 2 of the following are credit entries?

1. An increase in a liability.
2. A decrease in a liability.
3. An increase in income.
4. A decrease in income.

A. (1) and (3)
B. (1) and (4)
C. (2) and (3)
D. (2) and (4)

Part (B)
Two Questions
Answer both two Questions

Question (36):

Small is a quoted Co. with an authorised share capital of SDG 250,000 consisting of ordinary shares of SDG 1 each. The company prepares its accounts as on 31 March in each year.

The list of accounting balances extracted on 31 March 2015 showed:

	SDG	SDG
Ordinary share capital (of SDG1 issued & fully paid)		200,000
Accumulated profit on 1 April 2014		61,000
6% loan notes (secured on factory)		60,000
Factory:		
Cost at beginning of year	200,000	
Accumulated depreciation 1/4/2014		76,000
Plant and machinery:		
Cost beginning of year	80,000	
Accumulated depreciation		30,000
Additions in year	10,000	
Payables & accrued expenses		170,000
Inventory 31 March 2015	160,000	
Receivables	100,000	
Prepayments	80,000	
Balance at bank	90,000	
Profit for the year (subject to any items in the following notes)		111,000
Proceeds sale of plant		12,000
Cash at bank	**720,000**	**720,000**

You ascertain that:

1. The loan notes are repayable at par by six equal annual drawings starting on 1December 2015.
2. Annual depreciation is calculated as to:
   Factory: 2% on cost
   Plant and machinery: 20% reducing balance on NBV as at 31 March 2014 plus additions less disposal in the year.
3. Plant disposed of originally cost SDG 16,000. Accumulated depreciation is SDG 3,200.

<u>You are required</u>:

To prepare the financial position as at 31 March 2015.

(15 mark)

Question (37):

P co. sells goods to its subsidiary co., S co. the statement of financial position of the 2 companies at 31 December 2016 as follows:

Statement of financial position as at 31 December 2016

	P Q SDG	**S Q SDG**
Assets		
Non-current assets:		
Property, plant and equipment	35,000	45,000
Investment: 40,000 shares in S co at cost	40,000	
	75,000	45,000
Current assets:		
Inventory	16,000	12,000
Receivables: S co	2,000	-
Others	6,000	9,000
Cash at bank	1,000	
Total assets	25,000	21,000
	100,000	86,000
Equity & liabilities:		
Equity: SDG 1 ordinary shares	70,000	40,000
Retained earnings	16,000	19,000
	86,000	59,000
Current liabilities:		
Bank overdraft	-	3,000
Payables, P co	-	2,000
Others	14,000	7,000
Total equity & liabilities	100,000	86,000

Required:

The consolidated financial positions of P Co for the year ended 31 December 2016.

(15 mark)