

**Knowledge - Module**

# **Financial accounting**

**Time allowed : 15 minutes for reading and planning  
3 hours for writing**

**December 18 – 2025**

**Do not open this paper until instructed by the  
supervisor.**

**This question paper must not be removed from the  
examination hall.**

**The Accountancy & Audit Profession  
Org. Council - Sudan**

**F3**

**Paper**

**AAPOC**

# Financial accounting F3

## Part (A)

**No. of Questions: 35(Answer all Questions)**

### Question 1:

A sole trader who does not keep full accounting records wishes to calculate his sales revenue for the year. The information available is:

- |  |            |
|--|------------|
| 1. Opening inventory                             | 17,000 SDG |
| 2. Closing inventory                             | 24,000 SDG |
| 3. Purchases                                     | 91,000 SDG |
| 4. Standard and gross profit percentage of sales | 40%        |

The sales revenue figure is:

- A. 117,600 SDG
- B. 108,000 SDG
- C. 210,000 SDG
- D. 140,000 SDG

### Question 2:

Which of the following not an accounting concept?

- A. Prudence.
- B. Consistency.
- C. Depreciation.
- D. Accruals.

### Question 3:

Which of the following should the quick ratio include?

- A. Inventory finished goods.
- B. Raw materials and consumables.
- C. Long-term loan.
- D. Trade receivables

### Question 4:

Irrecoverable debts are SDG 5,000. Trade accounts receivable at the year end are SDG 120,000. If an allowance for receivables debts of 5% of trade receivables is required, what is the entry for irrecoverable debts and allowance for receivables in the statement of profit or loss?

- A. SDG 5,000
- B. SDG 11,000
- C. SDG 6,000
- D. SDG 10,750

### QUESTION 5:

The following conditions exist:

- An event has occurred which means Booker co. has incurred a present obligation.
- Booker co. will have to pay out cash in order to settle the obligation.
- The amount involved cannot be determined.

What is the effect on the financial statements of the co.?

- A. A provision should be created.
- B. A contingent liability should be disclosed.
- C. A contingent asset should be disclosed.
- D. No effect.

### QUESTION 6:

The debit side of a company's Trial Balance totals SDG 1,200 more than the credit side.

Which of the following errors would fully account for the difference?

- A. The petty cash balance of SDG 1,200 has been omitted from the trial balance.
- B. A receipt of SDG 1,200 for commission receivable has been omitted from the records.
- C. SDG 600 paid for plant maintenance has been correctly entered into the cashbook and credited to the plant cost account.
- D. Discount received of SDG 600 has been debited to the discount allowed account.

### QUESTION 7:

Which of the following lists consists only of items which could appear calculation of net cash from operating activities as per IAS 7?

- A. Depreciation, increase in debtors, decrease in creditors, proceeds of sale of equipment, increase in inventories.
- B. Increase in creditors, decrease in inventories, profit on sale of plant, Depreciation, decrease in debtors.
- C. Increase in creditors, proceeds of sale of equipment, Depreciation, decrease in debtors.
- D. Depreciation, interest paid, proceeds of sale of equipment, decrease in inventories.

### Question 8:

G has been trading for many years, making up his accounts to 31 December. On 1 July 2012 he purchased van for SDG 2,400, with a useful life of 5 years and SDG 300 residual value. He provides depreciation on a straight line method. He sold the van on 1 April 2014 for proceeds SDG 1,800.

How much the charge for depreciation for the year ended 31 December 2014?

- A. SDG 120
- B. SDG 135
- C. SDG 105
- D. SDG 125

### Question 9:

Which of the following are adjusting events for B co. Ltd?

The year end is 30 June 2016 and the accounts are approved on 18 August 2016.

- 1) Sales and inventory in 2 July 2016 at less than cost.
  - 2) The issue of new ordinary shares on 4 July 2016.
  - 3) A fire in the main warehouse occurred on 8 July 2016 all stock was destroyed.
  - 4) A major credit customer was declared bankrupt on 10 July 2016.
  - 5) All of the share capital of a competitor, X co Ltd, was acquired on 21 July 2016.
  - 6) On 1 August 2016, SDG 500,000 was received in respect of an insurance claim dated 13 February 2016.
- A. (1), (4) and (6)  
B. (1), (2), (4) and (6)  
C. (1), (2), (5) and (6)  
D. (1), (4), (5) and (6)

### Question 10:

If Hassan's mark-up on cost of sales is 15%.

What is his gross profit?

- A. 12.5%  
B. 13.04%  
C. 15%  
D. 17.25%

### Question 11:

At 1 January 2015 the capital structure of Q Ltd was as follows:

	SDG
- Issued share capital 1,000,000 ordinary shares of 0.50 SDG each	500,000
- Share premium	300,000

On 1 April 2015 the company made an issue of 200,000 shares 0.50 SDG each at 1.30 SDG each and on 1 July the company made a bonus issue of one share for every four in issue at the time, using the share premium account for the purpose.

Which of the following correctly states the company's share capital and share premium account at 31 December 2015?

	Share capital SDG	Share premium SDG
A.	750,000	230,000
B.	875,000	285,000
C.	750,000	310,000
D.	750,000	610,000

**Question 12:**

Patience 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 20X9 , Patience's payments to suppliers totalled \$ 141,324 .

What was Patience's cost of sales for the year to 31 December 20X9 ?

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

**QUESTION 13:**

Ossie does not keep full accounting records . The last accounts drawn up show that his capital balance was \$ 51,980 . At the year end he calculated that his assets and liabilities at 30 June 2020 were :

	\$
- Non - current assets	51,300
- Inventory	7,770
- Receivables	5,565
- Payables	3,994
- Bank overdraft	3,537

On reviewing his calculations , you note that there were no entries made in relation to rent for June 2020 because the rent for June 2020 was paid on 1 July 2020 . Rent is \$ 500 per month .

What is the value of Ossie's closing capital ?

- A. \$ 51,980
- B. \$ 56,604
- C. \$ 57,604
- D. \$ 63,678

**QUESTION 14:**

At 30 June 2005 a company's allowance for receivables was \$ 39,000 . At 30 June 2006 trade receivables totalled \$ 517,000 . It was decided to write off debts totalling \$ 37,000 and the allowance for receivables was to be adjusted to the equivalent of 5 % of the outstanding trade receivables .

What figure should appear in the statement of profit or loss for the year ended 30 June 2006 for these items ?

- A. \$ 61,000
- B. \$ 22,000
- C. \$ 24,000
- D. \$ 23.850

**QUESTION 15:**

An accountant has inserted all the relevant figures into the trade receivables account , but has not yet balanced off the account .

**TRADE RECEIVABLES ACCOUNT**

	\$		\$
Balance b / d	100,750	Cash at bank	250,225
Sales	325,010		

Assuming there are no other entries to be made , other than to balance off the account , what is the closing balance on the trade receivables account ?

- A. \$ 425,760 DR
- B. \$ 175,535 DR
- C. \$ 425,760 CR
- D. \$ 175,535 CR

**QUESTION 16:**

Holder Inc acquired 150,000 \$ 1 ordinary shares in Sub Inc on 1 July 2006 at a cost of \$ 300,000 . Sub Inc's reserves at 1 July 2006 were \$ 36,000 and its issued ordinary share capital was \$ 200,000 . The fair value of the non - controlling interest at acquisition was \$ 100,000 . At 30 June 2009 Sub Inc's reserves were \$ 16,000 .

What is the goodwill arising on consolidation ?

- A. \$ 64,000
- B. \$ 123,000
- C. \$ 164,000
- D. \$ 184,000

**QUESTION 17:**

What is the correct double entry to record the depreciation charge for a period ?

- A. DR                  Depreciation expense  
    CR                  Accumulated depreciation
- B. DR                  Accumulated depreciation  
    CR                  Depreciation expense

**QUESTION 18:**

Petty cash is controlled under an imprest system. The imp rest amount is SDG 100. During a period, payment totaling SDG 53 have been made. How much needs to be reimbursed at the end of the period to restore petty cash to the imp rest account?

- A. SDG 100
- B. SDG 53
- C. SDG 47
- D. SDG 50

**QUESTION 19:**

A company issues 50,000 SDG 1 shares at a price of SDG 1.25 per share, how much should be posted to the share premium account?

- A. SDG 50,000
- B. SDG 12,500
- C. SDG 62,500
- D. SDG 60,000

**QUESTION 20:**

If the gross profit percentage is 30% and gross profit SDG 6,000, what is the cost of sales?

- A. SDG 8,000
- B. SDG 14,000
- C. SDG 12,000
- D. SDG 16,000

**QUESTION 21:**

B acquired a lorry on 1 May 2016 at a cost of 30,000 SDG. It has an estimated useful life of Four years and a scrap value at the end of that time of SDG 6000. B charges depreciation on the straight line basis with a proportionate charge in the period of acquisition.

What will the depreciation charge for the period to 30 September 2016?

- A. SDG 3,000
- B. SDG 2,500
- C. SDG 2,000
- D. SDG 5,000

**QUESTION 22:**

- Y purchased a plant on 1 January 2016 for SDG 38,000. The payment for the plant was correctly entered in the cashbook but was entered on the debit side of plant repairs account.
- Y charges depreciation on the straight line basis at 20% per year, with a proportionate charge in the year of acquisition and assuming no scrap value at the end of the year.

How will Y's profit for the year ended 31 March 2016 be affected by the error?

- A. Understated by SDG 30,400
- B. Understated by SDG 36,100
- C. Understated by SDG 38,000
- D. Overstated by SDG 1,900

**QUESTION 23:**

Which of the following statements about sales tax is/are true?

- 1) Sales tax charged on purchases is an expense to a business if 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 nor 2



**QUESTION 24:**

At 1 January Barley acquired 100% of the share capital of Corn for \$1,400,000. At that date the share capital of Corn consisted of 600,000 equity shares of \$0.50 each and its reserves were \$50,000. On acquisition Corn had some assets whose carrying amount was \$230,000 but the fair value was \$250,000

What was goodwill on acquisition?

- A. \$730,000
- B. \$750,000
- C. \$1,030,000
- D. \$1,050,000

**QUESTION 25:**

Which TWO items in the statement of financial position would change immediately following an issue of redeemable preference shares ?

- 1) Cash
  - 2) Retained earnings
  - 3) Finance cost
  - 4) Equity
  - 5) Long - term debt
- A. 1 and 5
  - B. 1 and 4
  - C. 2 and 4
  - D. 3 and 5

**QUESTION 26:**

APM provides the following note property , plant and equipment in its statement of financial position :

	Cost	Depreciation	Carrying amount
	\$ 000	\$ 000	\$ 000
- Opening balance	25	12	13
- Additions	15		15
- Depreciation		4	( 4 )
- Disposals	<u>( 10 )</u>	<u>( 8 )</u>	<u>( 2 )</u>
- Closing balance	<u>30</u>	<u>8</u>	<u>22</u>

There was a gain on disposal of \$ 3,000 .

What is the net cash outflow for investing activities relating to property , plant and equipment ?

- A. \$ 10,000
- B. \$ 12,000
- C. \$ 13,000
- D. \$ 15,000

**QUESTION 27:**

During the year Subway invoiced \$ 200,000 to its parent company for transfers of goods in inventory . Transfers were made at a 25 % mark - up . At the end of the year the parent still held 60 % of the goods in inventory .

What adjustment should be made for unrealised profit in the consolidated financial statements for the year ?

- A. \$ 16,000
- B. \$ 24,000
- C. \$ 30,000
- D. \$ 40,000

**QUESTION 28:**

The Statement of financial position of Jardino includes the following information :

	\$
- Non - current assets	219,650
- Current assets	124,800
- Current liabilities	64,290

What is the amount of working capital ?

- A. \$ 60,510
- B. \$ 64,290
- C. \$ 124,800
- D. \$ 280,160

**QUESTION 29:**

In the last financial year , the net profit margin of Grippa was 14.7 % and asset turnover was 2.3 times . What was the company's return on capital employed for the financial year ?

- A. It cannot be calculated on the information given
- B. 17 %
- C. 33.81 %
- D. 6.39 %

**QUESTION 30:**

During the last financial year , a building owned by Mountain has increased in value . The directors wish to recognise this increase .

In which components of the financial statements will the increase be reflected ?

- 1) Statement of profit or loss
- 2) Other comprehensive income
- 3) Statement of financial position
- 4) Statement of changes in equity

- A. 1 and 4 only
- B. 2 and 3 only
- C. 2 and 4 only
- D. 2,3 and 4

**QUESTION 31:**

At 1 May 2006 , Bloxden had a revaluation surplus \$ 1,257,000 in respect of the revaluation of its head office .

During the year to 30 April 2007 , the value of the head office was increased by a further \$ 82,000 .

In the same period , the value of the company's factory fell by \$ 90,000 .

What amount of revaluation surplus should appear in Bloxden's statement of financial position at 30 April 2007 ?

- A. \$ 1,167,000
- B. \$ 1,249,000
- C. \$ 1,257,000
- D. \$ 1,339,000

**QUESTION 32:**

During the year , Clonadde made a profit on the sale of a machine and recognised a surplus on the revaluation of a building .

Which of the following is correct ?

- A. Both the profit and the surplus are recognised gains
- B. Both the profit and the surplus are realised gains
- C. Only the sale of the machine is a recognised gain
- D. Only the increase in value of the building is a recognised gain

**QUESTION 33:**

Which of the following should be recognised as an asset under IAS 16 Property , Plant and Equipment ?

- A. The cost of repainting a building
- B. The replacement of broken windows in a building
- C. The purchase of a car by a car dealer for re - sale
- D. Legal fees incurred on the purchase of a building

**QUESTION 34:**

Prisha has not kept accurate accounting records during the financial year . She had opening inventory of \$ 6,700 and purchased goods costing \$ 84,000 during the year . At the year end she had \$ 5,400 left in inventory . All sales are made at a mark up on cost of 20 % .

What is Prisha's gross profit for the year ?

- A. \$ 13,750
- B. \$ 17,060
- C. \$ 16,540
- D. \$ 20,675

**QUESTION 35:**

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

- 1) Total comprehensive income for the year
  - 2) Amortisation of capitalised development costs
  - 3) Surplus on revaluation of non - current assets
- A. 1,2 and 3
  - B. 2 and 3 only
  - C. 1 and 3 only
  - D. 1 and 2 only

## Part (B)

### Answer Totality Questions

#### Question 1:

The following balances have been extracted from the books of Diplod limited at 31 December 2019:

- Share capital	SDG
- Authorised 100,000 ordinary shares of 1 each	
- Issued and fully paid	60,000
- Land a buildings	36,000
- Motor vehicles (cost SDG 4,800)	3,840
- Debtors	23,000
- Creditors	17,400
- Stock 1/1/2019	22,400
- Motor expenses	840
- Warehouse wages	9,030
- Salaries	25,032
- Cash at bank	15,912
- Printing & stationary	1,140
- Sundry expenses	3,280
- Provision for doubtful debts	1,300
- Rates and insurance	1,450
- Profit 31/12/2016	14,472
- Purchases	290,540
- Bad debts	1,312
- Sales	360,604
- Trade investments	20,000

You are given the following information:

- a) Stock at 31 December 2019 was SDG 25,000.
- b) Insurance paid in advance SDG 60.
- c) Provision for doubtful debts to be made at 5% of debtors.
- d) Depreciation of motor vehicles 20% on cost.
- e) A dividend of 25% is proposed.

#### Required:

- i) Income statement for the year ended 31 December 2019.
- ii) Financial position as at 31 December 2019.

( Total marks 15 marks )

## Question 2:

Jessica Co acquired 75 % of the share capital of Patpost Co on 1 January 2017 . The draft statements of profit or loss for the two companies for the year ended 31 December 2017 are shown below .

	Jessica Co	Patpost Co
	\$m	\$m
Revenue	7,500	3,000
Cost of sales	<u>4,000</u>	<u>1,600</u>
	3,500	1,400
Operating expenses	<u>2,000</u>	<u>500</u>
Profit before tax	1,500	900
Tax	<u>300</u>	<u>120</u>
Profit for the year	<u>1,200</u>	<u>780</u>

During the year , Jessica Co sold goods costing \$ 3m to Patpost Co for \$ 5m . At the year end , 50 % of these goods remained in Patpost's inventory .

- a) Prepare the Jessica Group's statement of profit or loss for the year ended 31 December 2017 .

( 8 marks )

- b) The profit attributable to the equity owners of Jessica amounted to \$

( 3 marks )

- c) Jessica's current ratio increased from 0.7 at 31 December 2006 to 1.5 at 31 December 2017 . The company sells goods at a mark - up of 25 % on cost .

Which of the following statements concerning this increase is / are correct ?

1. The increase in the current ratio could indicate that the company is less likely to be able to pay its debts on time .
2. The increase in the current ratio could have been caused by an increase in revenue generated by increased credit sales prices , while supplier costs remained the same .
3. The increase in the current ratio could have been caused by an increase in costs charged by suppliers , while the selling price of goods remained the same .

- A. 1 only  
B. 2 only  
C. 2 and 3 only  
D. 1 and 3 only

( 2 marks )

**d) Which of the following factors need to be taken into account when deciding if a parent- subsidiary relationship exists ?**

- A. Control**
- B. Greater than 50 % of the preference shares held by an investor**
- C. Significant influence**
- D. 50 % of all shares held by an investor**

**( 2 marks )**

**( Total marks 15 marks )**