Part (A)

No. of Questions: 35(Answer all Questions)

Question 1:

The closing inventory of X amounted to SDG 116,400 excluding the following items:

- 400 items which had cost 4 SDG each, all were sold after the balance sheet date for SDG 3 each, with selling expenses of SDG 200 for the batch.
- 200 different items which had cost SDG 30 each, which were found to be defective at the balance sheet date. Rectification after the balance sheet date amounted to SDG 1,200, after which they were sold for SDG 35 each, with selling expenses totaling 300 SDG.

Then the inventory in the balance sheet should be:

A. SDG 122,300
B. SDG 121,900
C. SDG 122,900
D. SDG 123,300

Question 2:

The trial balance of Z failed to agree, the totals being: debit SDG 836,300 credits SDG 819,700 A suspense account was opened for the amount of the difference and the following errors were found and corrected:

1. The total of the cash discount column in the cash book had not been posted to the discount accounts, the figures were discount allowed SDG 3,900 and discount received SDG 5,100.
2. A cheque for SDG 19,000 received from a customer was correctly entered in the cashbook but was posted to the customer's account as SDG 9,100.

The remaining balance in the suspense account after correcting these errors would be:

A. SDG 25,300
B. SDG 7,700
C. SDG 27,700
D. SDG 5,400

Question 3:

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

	SDG
Opening accounts receivable	29,100
Cash received from credit customers and paid into bank	381,600
Expenses out of cash received from 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

Then the figure for sales:

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

Question 4:

A sole trader who does not keep proper books of accounts wishes to calculate his sales revenue for the year.

The information available:

1. Opening inventory SDG 17,000
2. Closing inventory SDG 24,000
3. Purchases SDG 91,000
4. Standard gross profit 40% on sales

What is the sales revenue figure?

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

Question 5:

On 31 December 2016 the inventory of Ali was completely destroyed by fire.

The following information is available:

1. Inventory at 1 December 2016 at cost 28400 SDG
2. Purchases for December 2016at cost 49600 SDG
3. Sales for December 2016 64800 SDG
4. Standard gross profit on sales 30%

Then the inventory destroyed cost?

A. SDG 45,360
B. SDG 32,640
C. SDG 40,971
D. SDG 19,440

Question 6:

Ali enters into the following transactions:

1. Buys goods for cash for SDG 380.
2. Pays SDG 20 in sundry expenses.
3. Makes SDG 1,000 in sales.
4. Receives a bank loan of SDG 5,000.
5. Pays SDG 2,600 for furniture.

What is the total entry to the credit side of the cash account?

- **A.** SDG 6,000
- **B.** SDG 6,380
- **C.** SDG 3,000
- **D.** SDG 2,620

Question 7:

Hassan had SDG 7,800 capital invested in his business at the start of the year. During the course of the year he took SDG 3,100 cash out of the business and also paid his wife, secretary, SDG 500. The business profit for the year was SDG 8,900. Hassan also paid SDG 350 for a new suit using the business cheque book during the year.

What is the balance on the capital account at the end of the year?

- **A.** SDG 12,750
- **B.** SDG 13,250
- **C.** SDG 13,600
- **D.** SDG 13,100

Question 8:

M had receivables of SDG 4,500 at the start of 2016. During the year to 31 December 2016 he makes credit sales of SDG 45,000 and receives cash SDG 46,500 from credit customers.

What is the balance on the receivables account at 31 December 2016?

- **A.** SDG 6,000 Debit
- **B.** SDG 6,000 Credit
- **C.** SDG 3,000 Debit
- **D.** SDG 3,000 Credit

Question 9:

Hassan has opening balance at 1 January 2016 on his trade receivables account and allowance for doubtful debts of SDG 68,000 and SDG 3,400 respectively during the year to 31 December 2016. Hassan makes credit sales of SDG 354,000 and receives each from the debtors of SDG 340,000. On 31 December 2016 Hassan reviews his receivables that he is unlikely to receive debts totaling SDG 2,000. These are to be written off as bad. Hassan also wishes to allow 5% of the remaining receivables after writing off the bad debts.

- **A.** SDG 80,000
- **B.** SDG 82,000
- **C.** SDG 83,000
- **D.** SDG 85,000

Question 10:

The IASC framework for the presentation and preparation of financial statements gives five qualitative characteristics that make financial information reliable.

These characteristics are:

A. Prudence, consistency, understandability, faithful representation, substance over form.

B. Accruals basis, going concern concept, consistency, Prudence, true and fair view.

C. Faithful representation, neutrality, substance over form, completeness, consistency.

D. Substance over form, Prudence, faithful representation, neutrality, completeness.

Question 11:

The following control account has been prepared by Trainee accountant:

Receivables ledger control account

	SDG		SDG
Opening balance	308,600	Cash received from customs	147,200
Credit sales	154,200	Discount allowed	1,400
Cash sales	88,100	Interest charged on overdue a/cs	2,400
Contra	4,600	Bad debts w/off	4,900
		Allowance for receivables	2,800
		Closing balance	396,800
	555,500		555,500

What should the closing balance be when all the errors made in preparing the receivables ledger control account have been corrected?

A. SDG 395,200

B. SDG 304,300

C. SDG 309,500

D. SDG 307,100

Question 12:

The inventory value for the financial statements of Q for the year ended 31 May 2016 was based on an inventory on 4 June 2016, which gave a total inventory value of SDG 836,200.

Between 31 May and 4 June 2016, the following transaction took place:

Purchase of goods	SDG 8,600
Sale of goods (profit margin 30%)	SDG 14,000
Goods returned by Q to supplier	SDG 700

What adjusted figure should be included in the financial statements for inventory at 31 May 2016?

A. SDG 838,100

B. SDG 853,900

C. SDG 818,500

D. SDG 834,300

Question 13:

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 14:

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

- **A.** SDG 90,000
- **B.** SDG 80,000
- **C.** SDG 70,000
- **D.** SDG 82,000

Question 15:

The electricity account for the year ended 30 April 2016 was as follows:

	SDG
Electricity accrued at 1 May 2015	250
Payments made during the year in relation to:	
Quarter ending 30 June 2015	400
Quarter ending 30 September 2015	350
Quarter ending 31 December 2015	425
Quarter ending 31 March 2016	450

Which of the following is the appropriate entry for electricity?

	Accrued at 30 April 2016	**Charge to income statement for year ended 30/4/2016**
	SDG	**SDG**
A.	Nil	1,375
B.	150	1,525
C.	300	1,675
D.	450	1,325

Question 16:

The company pays for its electricity by a standing order of SDG 100 per month. On 1 January 2016 the statement showed that the company had overpaid by SDG 25. The company received electricity bills for the 4 Quarters starting on 1 January 2016 – to 31 December 2016 for SDG 350, SDG 375, SDG 275, and SDG 300 respectively.

Which of the following is the correct entry for electricity in the company's income statement and financial position for the year ended 31 December 2016?

	Income statement	**Financial Position**	
	SDG	**SDG**	
A.	1,300	75	Accrual
B.	1,300	75	Prepayment
C.	1,200	125	Accrual
D.	1,200	125	Prepayment

Question 17:

Which statement is not true?

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

Question 18:

Which of the following calculates a trader's net profit for a period?

- **A.** Closing net assets + drawings – capital introduced – opening net assets.
- **B.** Closing net assets - drawings + capital introduced – opening net assets.
- **C.** Closing net assets - drawings – capital introduced – opening net assets.
- **D.** Closing net assets + drawings + capital introduced – opening net assets.

Question 19:

A company's income statement for the year ended 31 December 2015 showed a net profit of SDG 83,600. It was later found that SDG 18,000 paid for the purchase of a motor van had been debited to the motor expenses account, it is the company's policy to depreciate motor vans at 25% per year on the straight line basis with a full year's charge in the year of acquisition.

What would the net profit be after adjusting for this error?

- **A.** SDG 106,100
- **B.** SDG 70,100
- **C.** SDG 97,100
- **D.** SDG 101,600

Question 20:

Which of the following are differences between sole traders and limited liability companies?

1. A sole trader's financial statements are private, a company's financial statements are sent to shareholders and may be publically filed.
2. Only companies have capital invested into the business.
3. A sole trader is fully and personally liable for any losses that the business might make, a company's shareholders are not personally liable for any losses that the company might make.

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

Question 21:

A business compiling its accounts for the year to 31 January each pays rent quarterly in advance on 1 January, 1 April, 1 July and 1 October each year. After remaining unchanged for some years the rent was increased from SDG 24,000 per year to SDG 30,000 per year as from 1 July 2015.

Which is the rent expense for the year ended 31 January 2016?

A. SDG 27,500
B. SDG 29,500
C. SDG 28,000
D. SDG 29,000

Question 22:

A company prepares its financial statements for the year to 30 April each year. The company pays rent for its premises quarterly in advance on 1 January, 1 April, 1 July and 1 October each year. The annual rent was SDG 84,000 per year until 30 June 2005. It was increased from that date to SDG 96,000 per year. What rent expense and end of year prepayment should be included in the financial statements for the year ended 30 April 2006?

	Rent expense	**prepayment**
	SDG	**SDG**
A.	93,000	8,000
B.	93,000	16,000
C.	94,000	8,000
D.	94,000	16,000

Question 23:

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 24:

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. Lodges 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 25:

The plant and machinery account (at cost) of a business for the year ended 31 December 2016 was as follows:

Plant and Machinery – cost

	2016 SDG		2016 SDG
1 Jan. Balance	240,000	31 march- disposal	60,000
30 June cash-purchase	160,000	31 December- balance	340,000
	400,000		400,000

The company's policy is to charge depreciation at 20% per year on the straight line basis, with proportionate charge in the year of purchase and disposal.

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

A. SDG 68,000
B. SDG 64,000
C. SDG 61,000
D. SDG 55,000

Question 26:

Which of the following items could appear in a company's cash flow statement?

1. Surplus revaluation of non-current assets.
2. Proceeds of issue of shares.
3. Proposed dividend.
4. Dividends received.

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

Question 27:

Part of a company's cash flow statement is shown below:

	SDG 000
Operating profit	8,640
Depreciation charge	(2,160)
Increase in inventory	(330)
Increase in accounts payable	440

The following criticisms of the extract have been made:

1. Depreciation should be added.
2. Increase in inventory should be added.
3. Increase in accounts payable should be deducted.

Which one is valid?

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

Question28:

D, E and F are in partnership, sharing profits in the ratio 5:3:2 respectively, after charging salaries for E and F of SDG 24,000 each per year.

On 1 July 2016 they agreed to change the profit sharing ratio to 3:1:1 and increase E's salary to 36,000 per year, F's salary continuing unchanged. For the year ended 31 December 2016 the partnership profit amounted to SDG 480,000.

What states the partners total profit for the year?

	D	**E**	**F**
	SDG	**SDG**	**SDG**
A.	234,000	136,800	109,200
B.	213,000	157,800	109,200
C.	186,000	171,600	122,400
D.	237,600	132,000	110,400

Question 29:

T, L and J are in partnership, and have the following profit sharing ratio arrangements:

1. T and L are to receive salaries of SDG 20,000 and SDG 30,000 respectively.
2. The balance of profit or loss to be divided T1, l2, and J3.
3. T is guaranteed a minimum profit of SDG 25,000.

The net profit for the year is SDG 68,000.

How much the division of partners for the year?

	T	**L**	**J**
	SDG	**SDG**	**SDG**
A.	25,000	36,200	6,800
B.	25,000	35,200	7,800
C.	25,000	34,200	8,800
D.	25,000	32,200	9,800

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:

At 31 December 2015 a company capital structure was follows:

	SDG
Ordinary share capital:	
500,000 shares of SDG 0.25 each	125,000
Share premium account	100,000

In the year ended 31 December 2016 the company made a rights issue of one share for every two held at SDG 1 per share and this was taken up in full. Then the company made a bonus issue of one share for every 5 held, using the share premium account for the purpose.

Then the company structure for the year ended 31 December 2016:

	Ordinary Share Capital SDG	**Share Premium SDG**
A.	450,000	25,000
B.	225,000	250,000
C.	225,000	325,000
D.	212,000	262,500

Question 32:

According to IAS I , dividend paid during the year should be disclosed in:

A. Income statement.
B. Statement of changes in equity.
C. Balance sheet.
D. None of these.

Question 33:

B acquired a lorry on 1 May 2016 at a cost of SDG 30,000. The lorry has an estimated useful life of four years and estimated resale value at the end of that time of SDG 6,000.B charges depreciation on the straight line basis, with a proportionate charge in the period of acquisition.

How much is the charge for depreciation for the period ended 30 September 2016?

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

Question 34:

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

A. yes
B. No

Question 35:

Which of the following statement are correct?

1. A cash flow statement prepared using the direct method produces a different figure for operating cash flow from that produced if the indirect method is used.
2. Rights issues od shares do not feature in cash flow statements.
3. A surplus on revaluation of a non-current asset will not appear as an item in a cash flow statement.
4. A profit on the sale of a non-current asset will appear as an item under cash flow from investing activities in a cash flow statement.

Is this statement true or false?

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

Part (B)

Two Questions

Answer both two Questions

Question (36):

You are presented with the following trial balance of A Ltd at 31 December 2016:

	DR SDG	CR SDG
Ordinary share capital (SDG 0.50 shares)		60,000
5% preference share capital (SDG 1 shares)		20,000
Sales revenue		80,000
Discount allowed	400	
Discount received		200
Carriage inwards	1,000	
Carriage outwards	800	
Receivable and payables	10,000	2,000
Inventory 1 January 2016	10,000	
10% loan notes 2019		50,000
Loan interest paid	5,000	
Non-current assets at cost	230,000	
Non-current assets, aggregate depreciation		100,000
Purchases	49,000	
Administrative expenses	4,000	
Salaries	4,000	
Preference dividend paid	1,000	
Ordinary dividend paid (2016)	3,000	
Retained earnings 1 January 2016		11,000
Cash at bank	3,000	
	323,200	**323,200**

Adjustment:

1. Inventory at 31 December 2016 at cost SDG 15,000.
2. Director's salaries not yet paid SDG 5,000.
3. Tax for the year SDG 5,000.
4. Accrued audit fee SDG 1,000.
5. Create plant replacement reserve of SDG 1,000.

You are required:

To prepare the income statement for the year ended 31 December 2016 and a financial position at the date.

(15 mark)

Question (37):

On 1 July 2004 R acquired 70% of the ordinary share capital of P Ltd for SDG 140,000. At that date P Ltd had accumulated profits of SDG 50,000.

The following financial positions have been prepared at 30 June 2008:

	R Ltd	**P Ltd**
	SDG	**SDG**
Non-current assets:		
Tangible assets	190,000	170,000
Investment share in B	140,000	______
	330,000	170,000
Current assets	270,000	186,000
	600,000	356,000
Capital and Reserves:		
Issued share capital:		
Ordinary shares of SDG 1 each	200,000	130,000
Accumulated profits	175,000	89,000
	375,000	219,000
Current liabilities	225,000	137,000
	600,000	356,000

You are required to prepare the consolidated financial positions of R Ltd and its subsidiary as at 30 June 2008. (Goodwill is amortised over 5 years on the straight line basis).

(15 mark)

Answers F3 June 2018

Part A

Q1	(C)	(أ)
Q2	(D)	(د)
Q3	(A)	(ج)
Q4	(D)	(ب)
Q5	(B)	(أ)
Q6	(C)	(ب)
Q7	(A)	(د)
Q8	(C)	(أ)
Q9	(A)	(ب)
Q10	(D)	(أ)
Q11	(D)	(ب)
Q12	(A)	(د)
Q13	(B)	(د)
Q14	(B)	(أ)
Q15	(B)	(أ)
Q16	(A)	(ب)
Q17	(C)	(د)
Q18	(A)	(ب)
Q19	(C)	(ب)
Q20	(C)	(د)
Q21	(A)	(د)
Q22	(D)	(د)
Q23	(B)	(ب)
Q24	(B)	(أ)
Q25	(D)	(د)
Q26	(D)	(ج)
Q27	(B)	(أ)
Q28	(A)	(د)
Q29	(B)	(أ)
Q30	(C)	(د)
Q31	(B)	(د)
Q32	(B)	(ب)
Q33	(B)	(ج)
Q34	(B)	(ب)
Q35	(C)	(أ)

Part B

Q1

A Ltd

Income statement for the year ended 31 December 2016:

	SDG	SDG
Sales revenue		80,000
Opening inventory	10,000	
Purchases	49,000	
Carriage inwards	1,000	
	60,000	
Less closing stock	15,000	45,000
Gross profit		35,000
Discount received		200
		35,200
Discount allowed	400	
Carriage outwards	800	
Administrative expenses	4,000	
Staff salaries	4,000	
Directions salaries	4,000	
Audit fee	1,000	
Depreciation	4,000	
Loan interest	5,000	24,800
Net profit before tax		10,400
Tax		5,000
Net profit for year		5,400

Financial position as at 31 December 2016

		SDG	SDG
Non-current assets:			
Land & buildings (230,000-104,600)			125,400
	330,000		170,000
Current assets			
Inventory	15,000		
Receivables	10,000		
Cash at bank	5,000		30,000
			155,400
	375,000		219,000
Capital reserves			
Share capital – ordinary shares (SDG,50)	60,000		

5% preference shares (SDG 1 each)	20,000	
Plant replacement reserve	1,000	
Retained profits	11,400	92,400
Long term loans		
10% loan notes		50,000
Current liabilities		
Trade payables	2,000	
Taxation	5,000	
Accruals	6,000	13,000
Total capital & liabilities		155,400

Q2

R Ltd

Consolidated financial position as at 30 June 2008

	SDG	SDG
Non-current assets		
Intangible asset-goodwill	2,800	
Tangible assets	360,000	362,800
Current assets		456,000
		818,800
Capital & reserves		
Issued share capital		200,000
Accumulated profit		191,000
		391,100
Minority interest		65,700
Current liabilities		362,000
		818,800