Part (A)

No. of Questions: 35(Answer all Questions)

Question 1:

The opening receivable of B,s business are SDG 30,000. Receipts from customers were SDG 55,000 of which SDG 15,000 relates to cash sales and SDG 40,000 from customers. Discounts allowed totaled SDG 3,000 and closing receivables were SDG 37,000.

- **A.** SDG 65,000
- **B.** SDG 50,000
- **C.** SDG 47,000
- **D.** SDG 62,000

Question 2:

On 1 January Hassan's bank account is overdrawn by SDG 1,367. Payments in the year totaled SDG 8,536 and on 31 December the closing balance is SDG 2,227 (positive) .

What are total receipts for the year?

- **A.** SDG 4,942
- **B.** SDG 7,676
- **C.** SDG 9,396
- **D.** SDG 12,130

Question 3:

Hassan has sales of SDG 1,000 and makes a margin of 25%.

What is the cost of sales?

- **A.** SDG 200
- **B.** SDG 800
- **C.** SDG 750
- **D.** SDG 250

Question 4:

Lorna has cost of sales of SDG 600 and 25% mark-up.

What is her sales figure?

- **A.** SDG 750
- **B.** SDG 800
- **C.** SDG 250
- **D.** SDG 200

Question 5:

Ali provides the following information about his business.

Margin	20%
Sales	SDG 100,000
Opening inventory	SDG 10,000
Purchase	SDG 82,000
Closing inventory after fire	SDG 3,000

What is the cost of inventory lost in the fire?

- **A.** SDG 12,000
- **B.** SDG 9,000
- **C.** SDG 69,000
- **D.** SDG 5,667

Question 6:

Tonga received a statement from a supplier, cook, showing a balance of SDG 14,810. Tonga's payables show a balance due to cook of SDG 10,000.

Investigation revealed the following?

1. Cash paid to cook of SDG 4,080 has not been allowed for by Cook.
2. Tonga's recorded discount allowed of SDG 40, but not allowed by Cook, but forgot to record this in the payables ledger.

What discrepancy remains between Tonga and Cook's records after allowing for items?

A. SDG 8,930
B. SDG 9,850
C. SDG 770
D. SDG 690

Question 7:

The debit side of a company's TB 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 8:

Ali's business sells 3 products X,Y,Z the following information is available at the year-end:

	X	Y	Z
Cost	SDG 7	SDG 10	SDG 19
Net realisable value	SDG 10	SDG 10	SDG 15
Units	100	200	300

What is the value of the closing inventory?

A. SDG 8,400
B. SDG 6,800
C. SDG 6,100
D. SDG 7,200

Question 9:

Cella had receivables of SDG 3,655 at 31 December 2017. At that date she wrote off a debt from smith of SDG 699. During the year to 31 December 2018 Cella made credit sales of SDG 17,832 and received cash from customers totaling SDG 16,936. She also received the SDG 699 from smith that had already been written off in 2017.

What is the final balance of the receivables account at 31 December 2017 and 2018?

	2017	2018
	SDG	**SDG**
A.	2,956	3,852
B.	2,956	3,152
C.	3,655	4,551
D.	3,655	4,852

Question 10:

Max owns a factory; the premises were purchased on 1 January 2011 for SDG 450,000 and depreciation charged at 2% pa. straight line.

Max now wishes to revalue the factory premises to SDG 800,000 1 January 2017.

What is the balance on the revaluation reserve after this transaction?

- **A.** SDG 350,000
- **B.** SDG 395,000
- **C.** SDG 404,000
- **D.** SDG 413,000

Question 11:

Albert bought an oven for SDG 30,000 on 1 January 2010 with a useful life of 20 years after which would have no value. On 1 January 2013, he now believes he will use the oven for another 12 years after which he will sell it for SDG 1,500.

What is the depreciation charge for the year ended 31 December 2013?

- **A.** SDG 2,000
- **B.** SDG 2,125
- **C.** SDG 1,875
- **D.** SDG 2,375

Question 12:

P and L are partners in a business. They have made a profit of SDG 48,000 in the first year of trading their partnership agreement makes the following provisions:

- P is to be allocated a salary of SDG 11,000.
- Interest on capital is to be provided at 7% p.a.
- The balance of profit is to be split equally.
- Capital of partners were: P, SDG 8,000, L, SDG 12,000.

How much profit is allocated to L?

A. SDG 18,360
B. SDG 24,440
C. SDG 18,640
D. SDG 29,360

Question 13:

M and C are partners sharing profits equally and capital account balances at 1 January 2016 are SDG 50,000 each. On this date a new partner, S, Joins the business introducing capital of SDG 30,000. Land and buildings are revalued by SDG 100,000 and goodwill is valued at SDG 20,000. After admission of S, the profit share is revalued to 2:2:1 and goodwill is to be eliminated from the books.

What is the balance on C capital account after this transaction?

A. SDG 60,000
B. SDG 102,000
C. SDG 110,000
D. SDG 52,000

Question 14:

Which of the following should be classified as development?

1) A ltd has spent SDG 300,000 investigating whether a substance is resistant to heat.
2) C ltd has incurred SDG 120,000 expenses in the course of making a new waterproof with the idea that it may be used for ski-wear.
3) B ltd has found that a chemical compound, known as X, is not harmful to the human body.
4) L ltd has incurred a further SDG 450,000 using further in creating a new heat-resistant suit.

A. All of them
B. (1) and (2)
C. (2) and (4)
D. (2) only

Question 15:

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 16:

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

1) 400 items which had cost SDG 4 each. All were sold after balance sheet date for SDG 3 each, with selling expenses of SDG200 for the batch.
2) 200 items which had cost SDG 30. All were found to be defective at the balance sheet date. Repairs cost SDG 1,200 after which they were sold for SDG 35 each, with selling expenses totaling SDG 300.

What should appear in the balance sheet for inventory?

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

Question 17:

IAS committee gives 5 qualitative characteristics which make financial statements reliable.

These characteristics are:

A. Prudence, consistency, understandability, faithful representation, true and fair view.
B. Accrual basis, going concern concept, consistency, prudence, true and fair view.
C. Faithful representation, neutrality, substance over form, completeness, consistency.
D. Faithful representation, substance over form, neutrality, prudence , completeness.

Question 18:

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 deprecation on the straight line bas is 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 19:

A business compiling its accounts for the year to 31 January each year pays rent quarterly in advance on 1 January, 1 April, 1 July and 1 October each year. The rent was increased from SDG 24,000 per year to SDG 30,000 per year as from 1st July 2,000.

How much should the rent for the year ended 31 January 2001?

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

Question 20:

On 31 December 2017 the inventory of X was completely destroyed by fire.

The following information is available:

1. Inventory at 1 December 2017 at cost	28,400 SDG
2. Purchases for December 2017	49,600 SDG
3. Sales for December 2017	64,800 SDG
4. Margin on sales	30%

Then the amount of inventory destroyed by fire is:

- **A.** SDG 45,360
- **B.** SDG 32,640

C. SDG 40,971
D. SDG 19,440

Question 21:

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.

Then the partners total profit shares for the year is:

	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 22:

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 23:

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 24:

Which of the following defines working capital?

A. Non-current assets + current assets –current liabilities
B. Current assets - current liabilities
C. Non-current assets + current assets
D. Share capital + reserves

Question 25:

A business has paid the following electricity bills during the year to 31 December 2016:

	SDG
28 Feb: for the 3 months to 28 Feb 2016	300
31 May: for the 3 months to 31 May 2016	540
31 Aug: for the 3 months to 31 Aug 2016	220
30 Nov: for the 3 months to 30 Nov 2016	360

It is estimated that the used in December 2016 totaled SDG 120.

How much electricity charge for the year ended 31 December 2016?

A. SDG 1,640
B. SDG 1,320
C. SDG 1,440
D. SDG 1,540

Question 26:

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 27:

A bank reconciliation statement has been prepared by a trainee accountant, assuming the bank statement balance of SDG 38,600 to be correct.

What should be the cashbook balance be?

A. SDG 76,500 overdraft
B. SDG 5,900 overdraft
C. SDG 700 overdraft
D. SDG 5,900 Cash at bank

	SDG
Overdraft per bank statement	38,600
Add: deposits not credited	41,200
	79,800
Less outstanding chequers	3,300
Overdraft per cash bank	76,500

Question28:

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 29:

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 30:

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

- **A.** Yes
- **B.** No

Question 31:

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 charges should have been added, not deducted.
2. Increase in inventory should have added, not deducted.
3. Increase in accounts payables should have been deducted, not added.

Which of the criticisms are valid?

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

D. (2) only

Question 32:

A comuterised accounting system operates using the principle of double entry accounting.

Is this statement true or false?

A. False
B. True

Question 33:

G, a sales tax registered trader, purchased a computer for issue in business. The invoice for the computer showed the following cost related to the purchase:

	SDG
Computer	890
Additional memory	95
Delivery	10
Installation	20
Maintenance (1 year)	25
	1,040
Sales tax (17.5%)	182
Total	1,222

How much should G capetalise as a non-current asset in relation to the purchase

A. SDG 1,222
B. SDG 1,040
C. SDG 890
D. SDG 1,015

Question 34:

IAS 2 inventories defines the items that may be included in the value of an inventory.

Which of the following lists consists only of items which may be included in inventory as per IAS2?

A. Foreman's wages, carriage in wards, carriage out wards, raw materials.
B. Raw materials, carriage in wards, cost of storage of finished goods, plant depreciation.
C. Plant depreciation, carriage in wards, raw materials, foreman's wages.
D. Carriage out wards, raw materials, foreman's wages, plant depreciation.

Question 35:

How should a contingent liability be included in a company's financial statements if the likelihood of the economic activity benefits to settle it is remote?

A. Disclosed by note with no provision being made.
B. No disclosure or provision is required.

Part (B)
Two Questions
Answer both two Questions

Question (36):

You are provided 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. Depreciation charge for the year SDG 4,000.
5. Accrued audit fee SDG 1,000.
6. 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):

Q Acquired 80% of the share capital of T on 1 January 2011 for SDG 10,000, when the accumulated profit of T amounted to SDG 4,000. At 31 December 2013, 3 years later, the company's balance sheets were as follows:

Balance sheet as at 31 December 2013

	R Ltd	**P Ltd**
	SDG	**SDG**
Non-current assets	8,000	11,000
Investment in T at cost	10,000	-
Current assets	4,000	3,000
	22,000	14,000
Ordinary shares capital (SDG 1 each)	10,000	5,000
Accumulated profits	12,000	9,000
	22,000	14,000

Goodwill is to be amortised on the straight line method over five years.

Required:

Prepare the consolidated financial positions of Q group for the year ended 31 December 2013.

(15 mark)

Part A

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

Part B

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			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

Q Company

Consolidated financial position as at 31 December 2013

	SDG
Non-current assets	190,000
Goodwill	1,120
Current assets	7,000
	27,120
Share capital	10,000
Retained Earnings	14,320
	24,320
Minority interest	2,800
	27,120