

**Basic- Module**

# **Financial Accounting**

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

July 1 – 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**

**Paper F3**

**AAPOC**

# F3

## Section One

**Answer all questions (2 marks for each question):**

**Question One:**

(Zainab) and (Mohamed) are in a partnership, sharing profits and losses in a ratio of 3:2, respectively. The profit for the year amounted to 86,500 Egyptian pounds. The capital and current account balances of the partners at the beginning of the year were as follows:

(Zainab) (Mohamed)

(Egyptian pounds) (Egyptian pounds)

Current account 5,750 Debit 1,200 Credit

Capital 10,000 8,000

Partner (Zainab's) personal withdrawals amounted to 4,300 Egyptian pounds, and partner (Mohamed's) withdrawals amounted to 2,430 Egyptian pounds.

What is the balance of partner (Mohamed's) current account at the end of the year?

- A. 57,650 Egyptian pounds
- B. 51,900 Egyptian pounds
- C. 61,950 Egyptian pounds
- D. 33,370 EGP

**Question 2:**

A merchant who does not keep complete accounting records wants to know his sales for the year.

The following is the available information:

- 1. Beginning inventory: 17,000 EGP
- 2. Ending inventory: 24,000 EGP
- 3. Purchases: 9,100 EGP
- 4. Gross profit margin on sales: 40%

So, the merchant's sales amount to:

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

**Question 3:**

When analyzing the financial statements of Company S Limited, it became clear that the collection period for debts is 100 days, even though the company specified a collection period of only 60 days.

Which of these did not lead to an increase in the 100-day period?

- A. Poor performance of the company's collection control department.
- B. Excessive credit sales on account prior to the balance sheet date.
- C. The company engages in seasonal trading.
- D. Decrease in trade in the last quarter of the year.

**Question 4:**

The total accounts receivable control balance on May 1 includes debit balances of EGP 32,750 and credit balances of EGP 1,275. Sales on account during May amounted to EGP 125,000. Receivables from debtors amounted to EGP 122,500, with a discount allowed of EGP 550. Returns to debtors were EGP 1,300.

What was the closing balance for May?

- A. EGP 35,175
- B. EGP 35,675
- C. EGP 32,125
- D. 34,725 EGP

**Question 5:**

The cash capital paid at the beginning of the business was 1,000 EGP, and merchandise purchases amounting to 800 EGP net of 17.5% VAT were purchased on credit. Half of these merchandise were sold for 1,000 EGP plus VAT, and the customer paid the amount immediately.

Therefore, the transaction calculation is as follows:

- A. Assets 1,775 EGP – Liabilities 175 EGP – Capital 1,600 EGP.
- B. Assets 2,775 EGP – Liabilities 975 EGP – Capital 1,200 EGP.
- C. Assets 2,775 EGP – Liabilities 800 EGP – Capital 1,775 EGP.
- D. Assets 2,775 EGP – Liabilities 975 EGP – Capital 1,600 EGP.

**Question 6:**

Which accounting concept or principle tends to decrease assets and increase profits during times of rising prices?

- A. The going concern principle.
- B. The prudential principle.
- C. The liquidation principle.
- D. The historical cost principle.

**Question 7:**

From the following information, calculate the cost of purchases?

Pounds

Opening balance to creditors 142,600

Cash disbursements 542,300

Acquired discount 13,200

Purchase returns 27,500

Closing balance to creditors 137,800

- A. 302,600 pounds
- B. 506,400 pounds
- C. 523,200 pounds
- D. 578,200 pounds

**Question 8:**

On December 31, 2000, the company's inventory was completely burned. The available information was:

1. Merchandise inventory on December 1, 2000, at cost, was EGP 28,400.
2. Purchases during December amounted to EGP 49,600.
3. Sales during December amounted to EGP 64,800.
4. The gross profit margin on sales was 30%.

Then, the cost of merchandise burned was:

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

**Question 9:**

The store paid the following electricity bills for the year ending December 31, 2016:

- February 28: For the three months ending February 28, 2016: 300 EGP
- May 31: For the three months ending May 31, 2016: 540 EGP
- August 31: For the three months ending August 31, 2016: 220 EGP
- November 30: For the three months ending November 30, 2016: 360 EGP
- December 31: For the month of December 2016: 120 EGP

How much is the electricity bill for the fiscal year ending December 31, 2016?

- A. 1,620 EGP
- B. 1,440 EGP
- C. 1,540 EGP
- D. 1,640 EGP

**Question 10:**

During the fiscal year ending September 30, 2016, the store paid electricity bills amounting to EGP 2,700. On September 30, 2016, the end of the fiscal year, there was an outstanding bill amounting to EGP 600 for the three months ending November 30, 2016.

What are the electricity expenses for the fiscal year ending September 30, 2016?

- A. EGP 2,700.
- B. EGP 2,500.
- C. EGP 600.
- D. EGP 2,100.

**Question 11:**

The store paid rent of EGP 1,200 for the six months ending March 31, 2016, EGP 1,800 for the six months ending September 30, 2016, and EGP 1,800 for the six months ending March 31, 2017. If the fiscal year ends December 31, 2016, what is the annual rent for this fiscal year?

- A. EGP 3,300.
- B. EGP 3,000.
- C. EGP 4,800.
- D. EGP 3,600.

**Question 12:**

The total accounts receivable control account at the end of the period is EGP 8,500. It includes a reversal adjustment to the accounts receivable control account of EGP 400, but this adjustment was recorded on the wrong side of the accounts receivable control account.

The correct figure in the accounts receivable control account is:

- A. A. 7,700 EGP debit account
- B. 8,100 EGP debit account
- C. 8,400 EGP debit account
- D. 8,900 EGP debit account

**Question 13:**

Hassan's accounts receivable balance on January 1, 2016, was EGP 68,000, and the reserve for doubtful debts was EGP 3,400. During the 2016 fiscal year, sales on account amounted to EGP 354,000, and cash receipts from debtors amounted to EGP 340,000.

On December 31, 2016, Hassan decided to review his debts and confirmed that he could not collect EGP 2,000 of his debts, which are therefore considered bad debts. He also decided to maintain a reserve for doubtful debts of 5% of the balance of receivables.

What is the amount of bad debts on December 31, 2016?

- A. EGP 2,000.
- B. EGP 2,600.
- C. EGP 3,400.
- D. EGP 3,540.

**Question 14:**

Which of the following statements would be on the credit side of the Sales Ledger Control Account?

- A. Cash from customers, sales returns, bad debts, and a reverse settlement with creditors.
- B. Sales, cash returns to customers, bad debts, and a discount allowed.
- C. Cash received from customers, a discount allowed, interest on overdue credit balances, and bad debts.
- D. Sales, cash returns to customers, interest on overdue credit balances, and a reverse settlement with creditors.

**Question 15:**

Hassan, a merchant, has been in business for several years and closes his financial accounts on December 31 of each year. On July 1, 2014, he purchased a vehicle for EGP 2,400 with a useful life of 5 years and a salvage price of EGP 300 at the end of the period. Hassan depreciates his vehicles using the straight-line method. Hassan sold the cart on April 1, 2016, for EGP 1,800.

What is the accumulated depreciation at the end of the 2016 fiscal year?

- A. EGP 1,025
- B. EGP 735
- C. EGP 1,230
- D. EGP 1,125

**Question 16:**

Which of the following statements contains items that, according to International Financial Reporting Standard No. 10, are classified as non-adjusting?

- A. Bankruptcy of a debtor with an outstanding balance at the balance sheet date, issuance of shares or bonds, major merger with another company.
- B. Issuance of shares or bonds, change in foreign currency exchange rate, large purchase of non-current assets.
- C. Large merger with another company, destruction of a large fixed asset by burning, discovery of irregularities or errors that lead to the falsification of the financial statements.
- D. The sale of inventory provides evidence of the value at the balance sheet date, the issuance of shares, or the destruction of a large fixed asset by burning.

**Question 17:**

On December 31, 2004, Company S Ltd. acquired a building that cost EGP 800,000 on January 1, 1995. It is depreciated at 2% per annum. On January 1, 2005, the building was revalued to approximately EGP 1 million. Its useful life was 40 years.

What is the building's depreciation for the year ending December 31, 2005, and what is the revaluation reserve as of January 1, 2005?

Depreciation for 2005 Revaluation Reserve January 1, 2005

(EGP) (EGP)

- A. 25,000 200,000
- B. 25,000 360,000
- C. 20,000 200,000
- D. 20,000 360,000

**Question 18:**

Which of the following statements is considered an accounting transaction?

- A. Assets - Liabilities - Capital = Withdrawals + Profits.
- B. Assets = Liabilities - Capital - Profits - Withdrawals.
- C. Assets - Liabilities - Capital = Profits - Withdrawals.
- D. Assets + Liabilities = Capital + Profits - Withdrawals.

**Question 19:**

Ali started working at a nursery on April 1, 2016. In the first six months, he achieved a net profit of EGP 12,355.

Upon examination, the following was discovered:

- Rent of EGP 800 for the year ending March 31, 2017, was not recorded in the account.
- Ending inventory costing EGP 1,000 had an estimated net value of EGP 800. What is the correct adjusted profit for the period?

- A. 11,355 EGP
- B. 11,755 EGP
- C. 12,155 EGP
- D. 12,555 EGP

**Question 20:**

Which of the following statements is true?

1. The margin of relativity means that only tangible items and components are considered assets.
  2. Substance over form means that the commercial effect of a transaction must be included in the financial statements even if it differs from the legal structure.
  3. The entity may change accounting policies to achieve fair representation.
- A. (2) and (3).  
B. All of the above statements.  
C. (1) and (2).  
D. (1) and (3).

**Question 21:**

Hassan's trial balance showed an excess income tax for the fiscal year ending December 31, 2014, of EGP 5,000. Hassan estimated the tax for the fiscal year 2015 to be EGP 23,000. How much is the income tax on the income statement and balance sheet for the fiscal year 2015?

Income Statement Balance Sheet  
(EGP)

- A. 5,000 18,000  
B. 23,000 18,000  
C. 18,000 23,000  
D. 28,000 23,000

**Question 22:**

A fixed asset was purchased at the beginning of year 1 and is depreciated using the declining balance method at 20% per annum. At the beginning of year 4, the asset was sold for EGP 1,200.

As a result:

- A. A loss on sale of EGP 240  
B. Loss on sale of 28.80 EGP  
C. Profit on sale of 28.80 EGP  
D. Profit on sale of 240 EGP

**Question 23:**

What is the primary responsibility of a company manager?

- A. Manages the company's affairs to earn a good reward.  
B. Manages the company's affairs to maximize shareholders' profits and wealth.  
C. Manages the company's affairs to achieve high profits in a short period of time.  
D. Manages the company's affairs to contribute to creating a positive environment for society.

**Question 24:**

On January 1, 2015, Hassan, the merchant, paid 200 EGP for rent. He paid 1,200 EGP on March 1, 2015, for the fiscal year ending February 28, 2016.

What is the annual rent for the year ending December 31, 2016?

- A. 1,400 EGP  
B. 1,200 EGP  
C. 1,100 Egyptian pounds  
D. 1,300 Egyptian pounds

### Question 25:

Which of these is included in the statement of changes in equity?

- 1) Profit for the year.
- 2) Amortization of development capital expenditures.
- 3) Reserve for valuation of non-current assets.

- A. All data
- B. (2) and (3)
- C. (1) and (3)
- D. (1) and (2)

### Questions Twenty-Six and Twenty-Seven:

The information below relates to Questions 26 and 27:

Company S Limited showed the following balances in its financial position for the two fiscal years ending September 30, 2014 and 2015:

2014 2015

(EGP) (EGP)

Loan interest due 5,000 3,000

Proposed dividends 20,000 25,000

10% bond loan 100,000 100,000

Share capital/common shares 150,000 150,000

Share capital/8% preferred shares 50,000 50,000

### Question Twenty-Six:

How much is included in the statement of cash flows for the fiscal year ending September 30, 2015 for the total loan interest and preferred dividends? A. 10,000 pounds

- B. 12,000 pounds
- C. 16,000 pounds
- D. 32,000 pounds

### Question 27:

How much is included in the statement of cash flows for the fiscal year ending September 30, 2015, in terms of ordinary dividends paid?

- A. 20,000 pounds
- B. 24,000 pounds
- C. 25,000 pounds
- D. 29,000 pounds

### Question 28:

(A), (B), and (C) are in partnership. The profits for the year ending June 30, 2015 were distributed as follows:

- (a) EGP 30,000
- (b) EGP 10,000
- (c) EGP 8,000

The agreement stipulated that (b)'s minimum share of the profits be EGP 14,000, and the profit distribution ratio among the partners was 3:2:1, respectively.



What is each partner's share of the profits for 2015?

(A) (B) (C)

Pound Pound Pound

(A) 30,000 14,000 8,000

(B) 27,000 14,000 7,000

(C) 26,000 14,000 8,000

(D) 28,000 14,000 6,000

### Question 29:

Which of the following influential events after the balance sheet date is true?

A. The income statement represents the financial position of an entity.

B. The income statement includes interest on dividends paid.

C. The income statement represents the financial performance of an entity.

D. The income statement shows the results of an entity for a year.

### Question 30:

Which of the following is not true?

A. The balance sheet and income statement are both parts of an entity's financial statements.

B. The balance sheet represents the accounting process.

C. The income statement represents the accounting process.

D. The balance sheet and income statement represent the financial position and financial performance of the entity.

### Question 31:

The International Accounting Standards Board's framework provides five qualitative characteristics that make financial information reliable.

What are these five characteristics?

A. Prudence, comprehensiveness, understandability, fair representation, and form over content.

B. Accrual principle, continuity, comprehensiveness, prudence, and fair presentation.

C. Fair representation, neutrality, form over content, completeness, and comprehensiveness.

D. Fair representation, form over content, neutrality, prudence, and completeness.

### Question 32:

On January 1, 2015, the capital composition of Company X Limited was as follows:

- Capital: 1,000,000 ordinary shares, each at EGP 0.50, EGP 500,000.

- Issue premium of EGP 300,000.

On April 1, 2015, the company issued 200,000 shares with a par value of EGP 0.50, at EGP 1.30 per share. On July 1, the company issued bonus shares at a rate of one share for every four shares held at that time, using the issue premium clause for this purpose.

What is the share capital and issue premium as of December 31, 2015?

Share capital and issue premium

EGP EGP

(A) 750,000 230,000

(B) 875,000 285,000

(C) 750,000 310,000

(D) 750,000 610,000

**Question 33:**

Which of these statements is true?

1. Capital expenditures for development must be amortized over a period not exceeding five years.
  2. The cost of capital expenditures for development is included in the statement of financial position under the non-current assets item.
  3. If some of the features have been completed, research expenses should be considered intangible assets.
- A. (2) only.  
B. (2) and (3).  
C. (1) only.  
D. (1) and (3).

**Question 34:**

Hassan's profit margin on cost is 15%. What is the gross profit?

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

**Question 35:**

On August 31, 2015, the company's bank account balance was EGP 3,600. Upon examination of the bank statement, the following was revealed:

- A payment order for EGP 180 was not recorded in the bank book.
- Checks paid to suppliers for EGP 1,420 were not shown on the bank statement.

What is the balance on the bank statement on August 31, 2015?

- A. EGP 5,200 overdrawn balance  
B. EGP 5,020 overdrawn balance  
C. EGP 2,360 overdrawn balance  
D. EGP 3,780 overdrawn balance

Section Two (Answer all questions)

15 marks for each question

**Question 36:**

On July 1, 2004, Mish Limited acquired 70% of the capital of Sarsar Limited for EGP 140,000. At that time, S Limited's consolidated profits were EGP 50,000.

The following is the financial position of (S) Limited and (S) Limited as of June 30, 2008:

Mish Limited

Sarsar Limited

(EGP) (EGP)

Non-current assets:

Tangible fixed assets 190,000 170,000

Sarsar Limited investments 140,000

330,000 170,000

Current assets 270,000 186,000

600,000 356,000

Equity and liabilities:

Equity:

Share capital (common shares of EGP 1 per share) 200,000 130,000

Accumulated earnings 175,000 89,000

375,000 219,000

Current liabilities 225,000 137,000

Total equity and liabilities 600,000 356,000

Required:

Consolidated statement of financial position of Mish Limited and its subsidiary Sarsar Limited as of June 30, 2008, with goodwill amortized, if any, over five years.

### **Question 37:**

The following trial balance as of December 31, 2015, was extracted from the books of Giro Ltd.:

From him

(Pounds) (Pounds)

Accounts payable 3,600

Accounts receivable 8,300

Land (at cost) 2,000

Machinery (at cost) 12,000

Proceeds from the sale of machinery 400

Doubtful debts 12/31/2014 500

Accumulated depreciation 12/31/2014 4,500

Cash on hand 500

Wages 2,400

Insurance 600

Interest paid 800

Bank balance (overdrawn) 4,300

Inventory 2014 4,800

Sales 24,200

Purchases 22,000

Capital 10,000

Accumulated profits 12/31/2014 5,900

53,400 53,400

### **Additional information:**

1. The inventory was valued at EGP 5,200 on December 31, 2015.
2. A machine costing EGP 1,200 and with accumulated depreciation of EGP 700 was sold for EGP 400 during the year.
3. Depreciation on the machines is calculated using the declining installment method at 10% per annum.
4. Doubtful debts are estimated at EGP 600 during the year.

Required:

- (a) Prepare the income statement for the fiscal year ending December 31, 2015.
- (b) Prepare the statement of financial position as of December 31, 2015.