

SIR ARTHUR LEWIS COMMUNITY COLLEGE
Division of Technical Education and Management Studies

EXAMINATION SESSION : December 2004, Final Examinations
TUTORS : F. Beerom-Henry, N. Goolaman, E. Louisy
U. Joseph, J. Charlemagne, J. Moore
PROGRAMME CODE : 3BS-ABA-AD
PROGRAMME TITLE : Associate Degree – Business Administration
COURSE CODE : ACC101 - Paper I
COURSE TITLE : Introduction to Financial Accounting
CLASSES : Year 1
DATE : Wednesday December 1, 2004
TIME : 1:00 pm
DURATION : 45 mins
INVIGILATORS : F. Beerom-Henry, J. Charlemagne, N. Goolanman
E. Louisy, U. Joseph, W. Lamotagne, Ms Pascal
ROOMS : CEHI-1H-02, OTW R2, OTW R3, OTW R4

HA1b

INSTRUCTIONS:

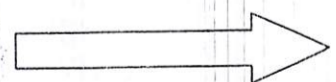
This paper contains **thirty (30)** multiple choice items. Choose the letter a, b, c or d that carries the best response and **shade** it on the answer sheet provided.

DO NOT WRITE ON THIS QUESTION PAPER.

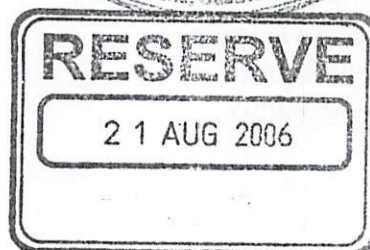
RETURN this QUESTION PAPER to the invigilator at the end of the examination.

Use of SILENT CALCULATORS is permitted.

LENDING or BORROWING is prohibited.



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7. The account which discloses the Gross Profit of a business is called the:

- (a) Profit and Loss Account
- (b) Appropriation Account
- (c) Trading Account
- (d) Cash Account

Questions 8 and 9 refer to the following information:

Extract from Trading Account of S. Coe

Sales	\$36,000
Purchases	22,000
Gross Profit	11,000
Sales Returns	1,000
Closing Stock	6,000
Opening Stock	8,000

- (a) \$ 7,000
- (b) \$ 9,000
- (c) \$ 24,000
- (d) \$30,000

8. What is the cost of goods sold?

9. What is the cost of goods available for sale? *

10. Al, Pha and Bet formed a partnership and agreed that profits were to be shared in the ratio 1:1:2 respectively. The balance of the profits to be shared for the year was \$18,900. What was Bet's share of the net profit?

- (a) \$4,725
- (b) \$9,450
- (c) \$14,175
- (d) \$18,900

11. Carriage Inwards is the carriage paid

- (a) On goods purchased
- (b) On goods sold
- (c) When fixed assets are purchased
- (d) When fixed assets are sold

12. The Partnership Act states that if there is no partnership agreement then profits and losses are to be shared

- (a) In proportion to their opening capital
- (b) In proportion to their closing capital
- (c) In proportion to their drawings
- (d) Equally

* 13. Which of the following are recorded on the debit side of the Cash Book?

- I Cash purchases ✓
- II Cash receipts ✓
- III Cash payments
- IV Cash discount received ✓
- V Cash sales

- (a) II, III and IV only
- (b) I, II and IV only
- (c) II and IV only
- (d) II and V only

Questions 14 and 15 are based on the following information.

- Jan. 1, 2003 - Provision for Bad Debts A/c, \$400
- Jan. - Dec. 2003 - Bad Debts written off, \$380
- Dec. 31, 2003 - Debtors, \$10,000
- Dec. 31, 2003 - Adjust Provision for Bad Debts to 5% of debtors

*14. By how much should the profit and Loss Account be debited in respect of both Bad Debts and Provision for Bad Debts?

- (a) \$100
- (b) \$380
- (c) \$480
- (d) \$780

*15. What is the amount of the new provision at Dec 31, 2003?

- (a) \$100
- (b) \$400
- (c) \$480
- (d) \$500

16.

Purchases Account	Drawings Account
<div style="text-align: right; padding-right: 10px;">Drawings 66</div>	<div style="text-align: left; padding-left: 10px;">Purchases 66</div>

The above entries were made in the Ledger because

- (a) The business bought goods from the owner
- (b) The owner withdrew goods for his personal use
- (c) The business sold goods to the owner
- (d) The owner sold goods to the business

*17. If, after balancing the Rent A/c there is a balance brought down on the credit side, what would this mean?

- (a) Rent was prepaid at the end of the period
- (b) All rent was paid up at the end of the period
- (c) Rent was in arrears at the end of the period
- (d) No rent was paid during the period

*18. What would a credit balance brought down in the Bank column of the Cash Book represent?

- (a) There is a balance in the bank
- (b) Too much cash has been paid out of the office
- (c) The bank balance is overdrawn
- (d) Too many discounts were allowed

19. Given the following information for a firm, compute the total fixed assets:

Building	\$ 2,000
Loan from NCB	\$ 500
Machinery	\$1,300
Debtors	\$ 700
Stock	\$ 350

- (a) \$2,000
- (b) \$3,300
- (c) \$3,650
- (d) \$4,350

* 20. A standing order of \$25 for insurance appears in the debit column of the bank statement. How is this item treated in order to update the cash book?

- (a) Subtract the \$25 from the balance shown on the bank statement
- (b) Add the \$25 to the balance shown on the bank statement
- (c) Debit the bank a/c with \$25
- (d) Credit the bank a/c with \$2521.

21. Wages paid in advance

- (a) Are shown as a debit balance on the Wages A/c
- (b) Are shown as a credit balance on the Wages A/c
- (c) Are shown as a liability in the Balance Sheet
- (d) Are not recorded in the Wages A/c

*22. Creating a provision for bad and doubtful debts is an application of

- (a) The consistency concept
- (b) The going concern concept
- (c) The prudence concept
- (d) The accruals concept

✓23. The Profit and Loss Account showed telephone \$1,500 and the Balance sheet showed Telephone paid in advance \$500. The actual amount paid for telephone expenses during the year was

- (a) \$1,000
- (b) \$1,500
- (c) \$2,000
- (d) cannot be calculated from the information given

✓24. The balance in the Purchases Ledger Control Account in the General Ledger is

- (a) The total of the debtors
- (b) The total sales
- (c) The total purchases
- (d) The total of the creditors

*25. When the item Bad Debts appears in the Trial Balance then it will be

- (a) In the credit column of the Trial Balance and should be debited to the Profit and Loss A/c when preparing final accounts
- (b) In the credit column of the Trial Balance and should be credited to the Profit and Loss A/c when preparing final accounts
- (c) In the debit column of the Trial Balance and deducted from debtors in the Balance Sheet
- (d) In the debit column of the Trial Balance and should be debited to the Profit and Loss A/c when preparing final accounts

26. Control accounts are kept so as to assist management in

- (a) Limiting expenditure
- (b) Location errors
- (c) Increasing profits
- (d) Limiting drawings

*27. The journal entry to write off an amount as a bad debt is

- (a) Dr Debtors, Cr Bad Debts
- (b) Dr Bad Debts, Cr Debtors
- (c) Dr Profit & Loss A/c, Cr Debtors
- (d) Dr Debtors, Cr Profit & Loss A/c

The following information is used to answer questions 28 to 30

NORGATE
BALANCE SHEET
AS AT DECEMBER 31, 2003

	\$		\$	\$
Land & buildings	9,000	Capital	12,000	
Motor Van	5,000	Net profit	4,000	
Fixtures & fittings	600		-----	
Stock	450		16,000	
Debtors	250	Less Drawings	500	
Bank	2,000		-----	15,500
Cash	300	Creditors		2,100
	-----			-----
	<u>17,600</u>			<u>17,600</u>

28. The amount for closing capital is

- | | |
|--------------|--------------|
| (a) \$ 4,000 | (c) \$15,500 |
| (b) \$12,000 | (d) \$16,000 |

29. The amount for total current assets is

- | | |
|-------------|-------------|
| (a) \$2,550 | (c) \$3,600 |
| (b) \$3,000 | (d) \$8,600 |

*30. The working capital is

- | | |
|------------|-------------|
| (a) \$ 300 | (c) \$ 900 |
| (b) \$ 450 | (d) \$2,300 |



END OF MULTIPLE CHOICE EXAMINATION