

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

EXAMINATION SESSION : December 2007, Final Examinations

TUTORS : Ms. B Dwarkasingh, Mr. F Ephraim
Ms U Joseph, Ms E M J Louisy

PROGRAMME CODE : 3BS-ABA-AD, 3HS-TAT-AD, 3HS-HOS-AD

PROGRAMME TITLE : Associate Degree – Business Administration
Hospitality Studies
Travel & Tourism

COURSE CODE : ACC101 - Paper I

COURSE TITLE : FINANCIAL ACCOUNTING I

CLASSES : Year 1

DATE : December 7, 2007

TIME : 1:00 p.m.

DURATION : One (1) Hour

INVIGILATORS : **Mr. M Rene**, Ms Meliat
Mrs D Alfred, Mrs A Reid
Ms L Phillips, Miss F Paul
Mrs F Beerom-Henry, Mrs P Erlinger-Ford,
Mrs. L Joseph, Mr. A Plummer

ROOMS : HOS Rms 1 & 2, TRT Rm 3, CEHI 1-H-02

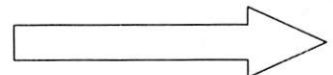
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INSTRUCTIONS:

1. CANDIDATES ARE REQUIRED TO WRITE ONLY ID# ON EXAMINATION SCRIPTS. NO NAMES ARE REQUIRED.
2. This paper contains **Forty (40)** multiple choice items. Choose the letter [A], [B], [C], or [D] that carries the **best** response and **shade** it on the answer sheet provided.
3. Use of **silent calculators** is permitted, **no cell phones** calculators are allowed.
4. **Remove all calculator covers** and store in bags at front of room.
5. **ALL CELL PHONES** should be **TURNED OFF** and placed in a bag that should be **kept at the front of the classroom** throughout the duration of the examination.
6. **LENDING or BORROWING is STRICTLY PROHIBITED.**



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MULTIPLE CHOICE

Instructions: On the answer sheet provided **shade** the letter [A], [B], [C], or [D] that carries the best response.

1. The following bank account has

Bank			
20x6		20x6	
Nov 1 Capital	700	Nov 5 Fixtures	600
		7 Rent	200
		10 Stamps	50
12 Cash	250		
30 Bal c/d	<u>100</u>	21 Purchases	<u>200</u>
	<u>1 050</u>		<u>1 050</u>

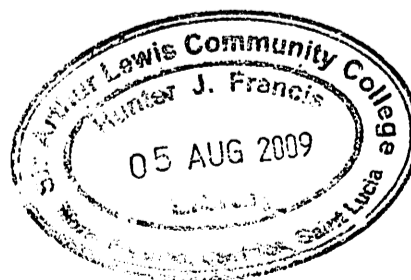
- (a) a debit balance (c) no balance
(b) a credit balance (d) not been completed
2. Calculate the amount of capital from the following information:
- | | |
|----------------|----------|
| Fixed Assets | \$19,500 |
| Current Assets | \$10,000 |
| Liabilities | \$15,920 |
- (a) \$ 17,710 (c) \$13,580
(b) \$ 35,420 (d) \$16,420
3. The distinction between book-keeping and accounting is
- (a) the former prepares and analyzes financial statements while the latter records transactions
(b) the former summarizes while the latter interprets financial statements
(c) the former records transactions while the latter analyzes and interprets financial statements
(d) none of the above
4. A statement that gives the financial position of a business as at a specific date is a:
- (a) Trial balance
(b) Balance sheet
(c) Trading and Profit & Loss A/c
(d) Bank Reconciliation Statement
5. Which of the following would be recorded as 'Purchases'?
- (a) Purchase of office fixtures (c) Purchase of goods on credit
(b) Purchase of stationery (d) All of the above
6. All of the following are external users of accounting information except
- (a) creditors (c) government
(b) shareholders (d) management
7. The account which discloses the Gross Loss 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	?
Opening Stock	8,000

- (a) \$24,000 (c) \$6,000
(b) \$30,000 (d) \$9,000
8. What is the value of Cost of Goods Available for Sale?
9. What is the value of Closing Stock?
10. A machine costs \$20,000. It has an expected life of eight years and has an estimated residual value of \$500. Using the straight line method, calculate the depreciation charge per annum.
- (a) \$19,500.40 (c) \$19,500
(b) \$ 2,437.50 (d) \$ 2,500
11. Working Capital is a term meaning
- (a) The amount of capital invested by the proprietor
(b) The excess of the current assets over the current liabilities
(c) The capital less drawings
(d) The total of Fixed Assets – Current Assets
12. The Partnership Act states that if there is no partnership agreement then profits and losses are to be shared
- (a) as per partners' wishes (c) in proportion to capital
(b) equally (d) in proportion to drawings
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, 2005 - Provision for Bad Debts A/c, \$400
- Jan. - Dec. 2005 - Bad Debts written off, \$380
- Dec. 31, 2005 - Remaining Debtors were valued at \$10,000
- Dec. 31, 2005 - Adjust Provision for Bad Debts to 5% of debtors

14. What is the **total** amount for Bad Debts and Provision for Bad Debts **combined**, that should be included in the Profit and Loss Account?
- (a) \$100 (c) \$480
(b) \$380 (d) \$780
15. What is the amount of the new provision at Dec 31, 2005?
- (a) \$480 (c) \$100
(b) \$500 (d) \$400

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 took goods from the business for his personal use
(c) the business sold goods to the owner for his personal use
(d) the owner sold goods to the business
17. If the depreciation on a fixed asset is calculated by reference to the reducing balance method
- (a) then, in relation to that particular fixed asset, there will be an equal depreciation charge in the profit and loss account of each year during the life of the asset.
(b) the depreciation charge in the Profit and Loss Account in respect of that asset will decrease each year over the life of the asset.
(c) the depreciation charge in the Profit and Loss Account relating to that asset will be greater in the later years of the life of the asset than in the earlier years.
(d) none of the above
18. Credit notes issued by a firm should initially be recorded in the
- (a) sales account in the general ledger
(b) returns inwards account in the nominal ledger
(c) returns inwards journal
(d) returns outwards journal
19. Which of the following pairs of events would necessitate an increase in the capital of a firm?
- (a) An increase in the firm's assets and a corresponding decrease in its current liabilities.
(b) An increase in the firm's fixed assets and a corresponding increase in its liabilities.
(c) A decrease in the firm's current assets and no change in its liabilities.
(d) An increase in the firm's assets and a similar increase in its long term liabilities.
20. The general ledger is

- (a) a 'book' of original entry
(b) a 'book' in which transactions are first recorded
(c) a 'book' from which the trial balance is extracted
(d) none of the above
21. Which of the following do not affect trial balance agreement?
- (i) Sales \$105 to A Henry, entered in P Henry's account
(ii) Cheque payment of \$134 for Motor Expenses, entered only in the Cash Book
(iii) Purchases \$440 from C Browne, entered in both accounts as \$404
(iv) Wages account added up incorrectly, being totaled \$10 too much
- (a) (i) and (iv) only
(b) (i) and (iii) only
(c) (ii) and (iii) only
(d) (iii) and iv) only
22. The Profit and Loss Account showed telephone \$4,000 and the Balance sheet showed Telephone paid in advance \$500. The actual amount paid for telephone expenses during the year was
- (a) \$4,000 (c) \$4,500
(b) \$3,500 (d) \$3,000
23. The balance in the Purchases Ledger Control Account in the General Ledger is
- (a) the total credit purchases (c) the total of the debtors
(b) the total credit sales (d) the total of the creditors
24. 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
25. Control accounts are kept so as to assist management in
- (a) controlling expenditure (c) increasing profits
(b) locating errors (d) controlling drawings
26. 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



**ROGERS
BALANCE SHEET
AS AT DECEMBER 31, 2005**

	\$		\$	\$
Land & buildings	9,000	Capital	15,000	
Motor Van	5,000	Net profit	9,600	
Fixtures & fittings	600		-----	
Stock	450		24,600	
Debtors	950	Less Drawings	500	
Bank	12,000		-----	24,100
Cash	300	Creditors		4,200
	-----			-----
	<u>28,300</u>			<u>28,300</u>

27. The working capital is

- | | |
|--------------|-------------|
| (a) \$500 | (c) \$9,500 |
| (b) \$12,950 | (d) \$5,000 |

28. Which of the following transactions would be recorded in the general journal?

- (a) Purchased goods on credit for \$4,000
- (b) Purchased motor van on credit for \$40,000
- (c) Returned \$250 worth of goods to supplier
- (d) Cash drawings of \$5,000

29. Expenses and revenues are classified as

- | | |
|----------------------|------------------------|
| (a) real accounts | (c) personal accounts |
| (b) nominal accounts | (d) liability accounts |

30. A loan given to the firm by the bank will, in the firm's books, be classified as:

- (a) capital (b) a liability (c) a fixed asset (d) a current asset

31. The total credit sales will be found in the:

- | | |
|----------------------|----------------------------|
| (a) purchases ledger | (b) returns inwards ledger |
| (c) sales journal | (d) sales |

32. Which of the following is not an asset?

- (a) Buildings
- (b) Cash Balance
- (c) Debtors
- (d) Loan from K. Harris



33. When balancing the Cash Book, a credit balance on the Cash Account would indicate:

- (a) The amount of cash remaining in the business at month end
- (b) That the Cash Account has been overdrawn
- (c) That an error must have been made
- (d) That we ought to make a transfer of some funds to our bank account

34. Which of the following should not be called 'Sales'?
- (a) Office fixtures sold
 - (b) Goods sold on credit
 - (c) Goods sold for cash
 - (d) Sale of item previously included in 'Purchases'.
35. Which of the following is correct?
- (a) Profit does not alter capital
 - (b) Profit reduces capital
 - (c) Capital can only come from profit
 - (d) Profit increases capital
36. The total of the Returns Outwards Journal is transferred to:
- (a) The debit side of the Returns Outwards Account
 - (b) The credit side of the Returns Outwards Account
 - (c) The debit side of the Returns Outwards Book
 - (d) The credit side of the Purchases Returns Book
37. The total of the Returns Outwards Journal also affects:
- (a) The debit side of the Debtors' Control Account
 - (b) The credit side of the Debtors' Control Account
 - (c) The debit side of the Creditors' Control Account
 - (d) The credit side of the Creditors' Control Account
38. Which of the following are **not** errors of principle?
- (i) Motor expenses entered in Motor Vehicles account
 - (ii) Purchases of machinery entered in Purchases Account
 - (iii) Sale of \$250 to C Phillips completely omitted from books
 - (iv) Sale to A Hendriques entered in A Henry's Account
- (a) (i) and (ii) only
 - (b) (i) and (iv) only
 - (c) (ii) and (iii) only
 - (d) (iii) and (iv) only
39. Given opening debtors of \$14,900, Sales \$74,000, receipts from debtors \$51,400, the closing debtors should total
- (a) \$88,900
 - (b) \$22,600
 - (c) \$37,500
 - (d) \$51,400
40. Given opening capital of \$21,400, closing capital as \$15,950, and drawings were \$2,500, then
- (a) Loss for the year was \$5,450
 - (b) Profit for the year was \$3,000
 - (c) Loss for the year was \$2,950
 - (d) Profit for the year was \$5,500

END OF EXAMINATION