



KULLEĠĠ SAN BENEDITTU Secondary School, Kirkop

Mark

HALF YEARLY EXAMINATION – 2015/2016

FORM 3

ACCOUNTING

TIME: 1h 30min

| Section | A | B | C1 | C2 | D | Global Mark |
|-----------|----|----|----|----|----|-------------|
| Max. Mark | 10 | 15 | 15 | 25 | 35 | 100 |
| Mark | | | | | | |

Instructions to students:

*Answer **ALL** questions.*

Calculators may be used. Read each question carefully.

DO NOT WRITE ABOVE THIS LINE

Name: _____

Class: _____

SECTION A- Answer ALL questions in this section.

Questions 1 – 10 are Multiple Choice and carry 1 mark each. Answers are to be marked on the exam paper.

1. Which of the following best describes the meaning of 'Purchases'?
 - a) Office fixtures bought
 - b) Goods sold on credit
 - c) Goods bought for cash
 - d) All goods bought for resale

2. Carriage inwards is charged to the trading account because
 - a) It is an expense connected with buying goods
 - b) It should not go in the statement of financial position
 - c) It is not part of motor expenses
 - d) Carriage outwards goes in the profit and loss account

3. What are non-current assets?
 - a) Items bought to be used in the business
 - b) Items which will not wear out quickly
 - c) Expensive items bought for the business
 - d) Items having a long life and not bought specifically for resale

4. Net profit is calculated in the
 - a) Trading account
 - b) Profit and loss account
 - c) Trial balance
 - d) Statement of financial position

5. A business bought € 30,000 worth of computers for use in the business. Which of the following is the correct entry?

| Debit | Credit |
|----------------------|-------------------|
| a) Bank account | Computers Account |
| b) Computers account | Bank account |
| c) Computers account | Capital account |
| d) Drawings account | Capital account |

6. The proprietor of a business has deposited €50,000 from personal funds and used €40,000 to buy new machinery. The increase in capital is
- a) €10,000
 - b) €90,000
 - c) €40,000
 - d) €50,000
7. Which financial statement is used to show what the firm owns?
- a) Income statement
 - b) Statement of financial position
 - c) Manufacturing account
 - d) Income and expenditure account
8. Which of the following is not a current asset?
- a) Accounts receivable
 - b) Inventory of finished products
 - c) Inventory of raw materials
 - d) Land
9. Gross profit is
- a) Excess of sales over cost of goods sold
 - b) Sales less purchases
 - c) Cost of goods sold – opening inventory
 - d) Net profit less expenses of the period
10. Which of the following is **not** an asset?
- a) Buildings
 - b) Cash balance
 - c) Accounts receivable
 - d) Loan from K. Harris

SECTION B- Answer ALL questions in this section.

Questions 1 – 7 in this section carry a total of 15 marks. Answers are to be written on the foolscap provided.

1. Explain briefly the main purpose of a trial balance. (2 marks)
2. State two types of errors which would not affect the agreement of the trial balance. In each case explain why the trial balance totals would not be affected. (4 marks)
3. Accounting entries involve a minimum of how many accounts? (1 mark)
4. Which term is associated with the 'right – side' of an account? (1 mark)
5. List two persons who may be interested in viewing the accounts of a business. Give a reason why each of these persons would be interested. (4 marks)
6. Complete the gaps in the following table:

| <i>ASSETS</i> | <i>LIABILITIES</i> | <i>CAPITAL</i> |
|---------------|--------------------|----------------|
| €146,000 | €11,111 | ? |
| ? | €14,680 | €40,970 |
| €136,100 | ? | €64,790 |

(3 marks)

Section C- Answer ALL questions in this section.

Answers are to be written on the foolscaps provided.

1. On 31 March 2015, T. Venti, who is a retailer, extracted the following list of balances. Through an oversight he didn't extract his capital account balance.

Draw up his trial balance and calculate his capital balance. Include this balance in your trial balance.

(15 marks)

| | € |
|-----------------------------------|---------|
| General Expenses | 3,290 |
| Cash at Bank | 7,960 |
| Wages and Salaries | 38,500 |
| Cash in Hand | 575 |
| Discount Received | 906 |
| Motor Vans | 18,000 |
| Premises | 200,000 |
| Trade Creditors | 7,250 |
| Trade Debtors | 8,600 |
| Drawings | 22,000 |
| Stock, 1 st April 2014 | 6,300 |
| Purchases | 162,000 |
| Sales | 190,000 |

2. Jade Clark is a wholesaler in the grocery trade. She would like to keep a full set of accounts. Some of the transactions which took place in her business are listed below.

| | |
|-------------------------|-----------------------------------------------------------------------------------------|
| 1 st August | Paid Rent by cheque €300 |
| 4 th August | Bought goods for resale on credit from Spalding plc € 4,000 |
| 6 th August | Sold goods on credit worth € 800 to a customer, R. Brock. |
| 8 th August | Returned faulty goods to Spalding plc € 150 |
| 12 th August | Bought petrol for the business motor van € 36 paying cash |
| 18 th August | Paid € 20 cash for office refreshments |
| 22 nd August | Purchases shop fixtures for use in the business, € 9,000 on credit from Kamara Limited. |
| 23 rd August | Sold goods on credit to D. Crump for €390 |

Draw up Ms. Jade's accounts in t- format and balance them off. (25 marks)

Section D

Answer the following question on the foolscap provided.

From the following information:

- i. draw up an Income Statement (*Trading & Profit/Loss Account*) for the year ended 31st December 2015 (15 marks)
- ii. draw up a Statement of Financial Position (Balance Sheet) as at 31st December 2015 (15 marks)
- iii. Calculate the Working Capital of the business. (5 marks)

| | Debit | Credit |
|------------------------------------|----------------|----------------|
| Capital | | 122,000 |
| Drawings | 5,000 | |
| Premises | 80,000 | |
| Machinery | 35,000 | |
| Equipment | 25,000 | |
| Debtors and Creditors | 6,500 | 5,400 |
| Stock at 1 st Jan. 2015 | 3,500 | |
| Bank | 1,500 | |
| Cash | 150 | |
| Purchases and Sales | 24,000 | 56,000 |
| Returns | 500 | 1,050 |
| Discounts | 440 | 1,200 |
| Carriage In | 660 | |
| Carriage Out | 200 | |
| Advertising | 500 | |
| Light and heat | 700 | |
| Salaries and wages | 2,000 | |
| Motor expenses | 800 | |
| Commission received | | 2,400 |
| Telephone | 1,600 | |
| | 188,050 | 188,050 |

The stock at 31st December 1999 was € 5,500.