

FUKIEN SECONDARY SCHOOL
S4 First Term Uniform Test (2020-2021)
Business, Accounting and Financial Studies
(1 hour)

Date: 20th October 2020

Name: _____

Time: 10:15 a.m.-11:15 a.m.

Class: _____ No.: _____

Instructions to Students

1. This paper carries 60 marks.
2. This paper must be answered in English.
3. When told to open this book, you should check that all the questions are there. Look for the words '**END OF PAPER**' after the last question.
4. This paper consists of two sections, A and B.
5. Section A is Multiple-choice Questions. There are **10** questions in this section. Attempt **ALL** questions. You should mark all your answers on the Multiple-choice Answer Sheet. All questions carry equal marks. You should mark only **ONE** answer for each question. If you mark more than one answer, you will receive **NO MARKS** for that question. No marks will be deducted for wrong answers. The whole section carries 20 marks.
6. Section B is Structured Questions. There are **2** questions in this section. Attempt **ALL** questions. All answers in this section should be put in the single-lined paper provided. The whole section carries 40 marks.

Section A Multiple-choice Questions (20 marks)

1. Which of the following statements best describes accounting?
- A. Accounting is the same as bookkeeping.
 - B. Accounting is not useful to people outside the business.
 - C. Accounting records financial data but does not communicate the data to users.
 - D. Accounting provides financial information about a business for decision-making purposes.
2. Users of accounting information include
- (1) management.
 - (2) the government.
 - (3) banks.
 - (4) suppliers.
- A. (1) and (4) only
 - B. (1), (2) and (4) only
 - C. (1), (3) and (4) only
 - D. (1), (2), (3) and (4)
3. Making payments to trade payables affects the accounting equation in the following way:
- A. Capital decreases and liabilities decrease
 - B. Assets increase and liabilities decrease
 - C. Assets decrease and liabilities decrease
 - D. Assets decrease and capital increases
4. Which of the following are incorrect classifications of assets and liabilities?
- | <i>Assets</i> | <i>Liabilities</i> |
|-----------------------------|-------------------------|
| (1) Inventory | Money owed to suppliers |
| (2) Money owed by customers | Delivery vans |
| (3) Equipment | Long-term loans |
| (4) Cash in hand | Machinery |
- A. (1) and (3) only
 - B. (2) and (4) only
 - C. (1), (3) and (4) only
 - D. (2), (3) and (4) only

5. The correct order of steps for recording a transaction is:

- (1) Classify the accounts into assets, liabilities or capital.
- (2) Enter the date, details, and amount of the transaction in each of the accounts.
- (3) Determine which account should be debited and which account should be credited.
- (4) Identify the accounts that are affected by the transaction.

- A. (1), (2), (3) then (4)
- B. (4), (1), (3) then (2)
- C. (4), (3), (1) then (2)
- D. (4), (3), (2) then (1)

6. Credit entries

- A. decrease assets and increase liabilities.
- B. decrease both assets and liabilities.
- C. increase assets and decrease liabilities.
- D. increase both assets and liabilities.

7. Which of the following items would not appear in the trial balance?

- (1) Assets
- (2) Trade discount
- (3) Sales
- (4) Sales journal

- A. (1) and (2) only
- B. (1) and (4) only
- C. (2) and (3) only
- D. (2) and (4) only

8. Which of the following accounts are usually recorded in the credit column of a trial balance?

- (1) Bank overdraft
- (2) Donations to charity organisations
- (3) Sales returns
- (4) Purchases returns

- A. (1) and (2) only
- B. (1) and (3) only
- C. (1) and (4) only
- D. (2) and (3) only

9. On 12 June 2019, Lemon received an order from Kiwi to sell goods for \$6 000 on credit. A 4% cash discount was given for repayment within 20 days. Goods were delivered on 14 June and were accepted by Kiwi. Payment was received on 30 June. Which of the following entries should be recorded in Lemon's book for the sales?

	<i>Dr</i>	<i>Cr</i>
A.	Jun 12 Kiwi \$6 000	Sales \$6 000
B.	Jun 14 Kiwi \$5 760	Sales \$6 000
	Discounts allowed \$240	
C.	Jun 14 Kiwi \$6 000	Sales \$6 000
D.	Jun 30 Kiwi \$5 760	Sales \$5 760

10. The business was suffering from a serious cash shortage. In order to present a better liquidity position, the owner decided to include the balance of his personal bank account in the firm's statement of financial position. Which of the following principles or concepts has been violated?
- A. Accrual concept
 - B. Historical cost concept
 - C. Consistency principle
 - D. Business entity concept

END OF SECTION A

Section B Structured Questions (40 marks)

1. Record the following transactions for Cherry Chung's business in the ledger accounts and balance off all the accounts at the end of the month. (20 marks)

2020

- Jan 1 Started business with \$3 000 cash and \$25 000 at bank.
- " 4 Bought goods on credit from Apple. The list price was \$5 500, less a 10% trade discount.
- " 8 Made cash sales of \$7 500 to Banana Company.
- " 11 Paid rent of \$3 000 in cash.
- " 12 Paid Apple \$2 240 by cheque.
- " 13 Bought two motor vans on credit from Grape Ltd for \$1 760 each.
- " 15 Bought goods on credit from Mango for \$1 220.
- 16 Sold goods on credit to Peach for \$2 400.
- " 21 Cherry took goods costing \$550 from the business for private use.
- " 22 Returned goods of \$120 to Mango.
- 23 Returned one motor vehicle of \$1 760 to Grape Ltd.
- " 24 Peach returned half of the goods bought.

2.

- a. Durian Company drew up the following trial balance as at 31 December 2019. You are required to prepare an income statement for the year ended 31 December 2019 and a statement of financial position as at that date. (18 marks)

Trial Balance as at 31 December 2019		
	Dr \$	Cr \$
Purchases and Sales	270 000	305 500
Carriage outwards	6 800	
Carriage inwards	6 000	
Discounts	450	700
Returns	5 000	1 780
Inventory as at 1 January 2019	800	
Bank	8 500	
Rent and rates	9 900	
Plant and machinery	65 410	
Premises	100 000	
Accounts receivable and accounts payable	28 000	39 060
Insurance	5 000	
Cash in hand	5 680	
Bank loan (repayable in 2020)		36 700
Miscellaneous expenses	6 300	
Capital		180 000
Drawings	8 000	
Interest income		10 500
Loan interest	1 400	
Repairs and maintenance	10 000	
Wages and salaries	37 000	
	<u>574 240</u>	<u>574 240</u>

Inventory as at 31 December 2019 was valued at \$53 800.

- b. Explain the historical cost concept and illustrate with an example. (2 marks)

END OF PAPER