

FUKIEN SECONDARY SCHOOL
S4 First Term Uniform Test (2021-2022)
Business, Accounting and Financial Studies
(1 hour)

Date: 8th November 2021
Time: 9:45 a.m. – 10:45 a.m.

Name: _____
Class: _____ No.: _____

GENERAL INSTRUCTIONS

- (1) This paper must be answered in English.
 - (2) There are **TWO** sections, A and B, in this Paper. Section A consists of multiple-choice questions and Section B contains short questions.
 - (3) Answer **ALL** questions in Section A and Section B.
 - (4) Answers to Section A should be marked on the Multiple-choice Answer Sheet while answers to Section B should be written in single-lined papers.
 - (5) The Answer Sheet for Section A and the single-lined papers for Section B must be handed in separately at the end of the examination.
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INSTRUCTIONS FOR SECTION A (MULTIPLE-CHOICE QUESTIONS)

- (1) Read carefully the instructions on the Answer Sheet. After the announcement of the start of the examination, you should first insert the information required in the spaces provided.
- (2) When told to open this book, you should check that all the questions are there. Look for the words '**END OF SECTION A**' after the last question.
- (3) All questions carry equal marks.
- (4) **ANSWER ALL QUESTIONS.** You are advised to use an HB pencil to mark all your answers on the answer sheet, so that wrong marks can be completely erased with a clean rubber. You must mark the answers clearly; otherwise you will lose marks if the answers cannot be captured.
- (5) You should mark only **ONE** answer for each question. If you mark more than one answer, you will receive **NO MARKS** for that question.
- (6) No marks will be deducted for wrong answers.

SECTION A (20 marks)

There are 10 questions in this section. Answer **ALL** questions. Choose the **best** answer for each question.

1. Which of the following are tasks of accounting?
 - (1) classify business transactions in accounting record
 - (2) convey relevant financial information to the government
 - (3) purchase raw materials for production of goods
 - A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
2. If the balance carried down appears on the left-hand side of an account at the end of the financial period, which of the following statements are correct?
 - (1) The balance of the account will appear on the credit side of the trial balance.
 - (2) The account may be an asset account.
 - (3) The total of the credit entries in the account must be greater than the total of the debit entries.
 - A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
3. On 1 January 2021, Rebecca set up a firm with cash of \$200 000. Of this amount, \$150 000 was deposited into the company's bank account on the same date. The firm also borrowed \$60 000 from Rebecca's friend to acquire a machine on the same date.

What was the amount of Rebecca's capital on 1 January 2021?

 - A. \$140 000
 - B. \$150 000
 - C. \$200 000
 - D. \$260 000
4. Which of the following transactions should be recorded in the purchases account of a computer retailer?
 - (1) returned broken computers to the suppliers
 - (2) donated computers to a school
 - (3) took computers out of the warehouse to be used by a manager on company business
 - A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
5. Which of the following statement about trade discount and cash discount is correct?
 - A. Cash discounts received from suppliers are recorded as revenues in the books.
 - B. Cash discounts are given to customers when they settle the account within the credit period.
 - C. Trade discounts are given to encourage customers to buy goods in cash.
 - D. Trade discounts given to customers are treated as discounts allowed in the books.

6. Which of the following effects on the assets, capital and liabilities brought about by the respective transaction is correct?

	<u>Transaction</u>	<u>Asset</u>	<u>Capital</u>	<u>Liability</u>
A.	Settled a supplier's account by taking up a loan.	decreases	unchanged	decreases
B.	Received cash from a customer to settle his account.	unchanged	unchanged	unchanged
C.	Owner paid electricity bill of the firm by his personal cheque.	decreases	unchanged	unchanged
D.	Bought equipment on credit.	increases	unchanged	unchanged

7. Which of the following are the functions of a trial balance?

- (1) check the arithmetical accuracy of ledgers
- (2) facilitate preparation of financial statements
- (3) report the profit and loss for the year

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

8. Which of the following accounts must have balances on the debit side of a trial balance?

- (1) bank
- (2) loan to employees
- (3) purchases deposit

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

9. A trading firm received cash discount from a credit supplier. How will the firm's gross profit and net profit for the year be affected?

	<u>Gross profit</u>	<u>Net profit</u>
A.	increases	increases
B.	unchanged	increases
C.	increases	unchanged
D.	unchanged	decreases

10. Which of the following statements about income statement is correct?

- A. It is a part of the double entries system.
- B. It reports the financial status of a firm as at a particular date.
- C. It reflects the financial performance of a firm.
- D. It is used to record business transactions.

END OF SECTION A

SECTION B Short Questions (40 marks)Answer **ALL** questions in this section.

1. Leslie Company is a stationery wholesaler. The company keeps the following books of original entry: Cash Book, Sales Journal, Purchases Journal, Returns Inwards Journal, Returns Outwards Journal and General Journal. The firm also keeps four ledgers: General Ledger, Purchases Ledger, Sales Ledger and Cash Book. Indicate the book of original entry, the accounts and the ledgers to be used to record the transactions (a) to (d) in the table below. Write your answers for items (1) to (18) in the answer book.

Transaction	Books of original entry	Debit entry to be recorded		Credit entry to be recorded	
		Account	Ledger	Account	Ledger
(a) Stationery withdrawn by owner as his son's birthday gift	(1)	(2)	(3)	(4)	(5)
(b) Stationery sold on credit	(6)	(7)	(8)	Sales	(9)
(c) Credit note received for goods returned	(10)	(11)	(12)	(13)	(14)
(d) Commission received by cheque	(15)	Bank	(16)	(17)	(18)

(9 marks)

2. The following account information relates to Nathan's firm for the year ended 31 December 2020:

	\$
Cash at bank	?
Office equipment	220 200
Carriage outwards	4 200
Inventory	43 500
Sales	537 900
Purchases	468 750
Operating expenses	243 640
Trade receivables	145 550
Trade payables	68 460
Capital, 1 January 2020	250 000
Returns outwards	3 000

REQUIRED:

Prepare for Nathan a trial balance as at 31 December 2020.

(6 marks)

3. Kent Company commenced a firm selling household products on 1 January 2020. The following account balances were extracted from the books of the firm as at 31 December 2020:

	\$
Bank overdraft	1 000
Capital, 1 January 2020	?
Drawings	91 000
Furniture and fixtures	2 900 000
Operating expenses	1 043 000
Purchases	2 068 000
Sales	2 578 000
Term deposit (to be matured in September 2022)	200 000
Trade payables	750 000
Trade receivables	800 000
Short-term loan to employees	6 000

Inventory was valued at \$500 000 as at 31 December 2020.

REQUIRED:

Prepare for Kent Company a statement of financial position as at 31 December 2020.

(8 marks)

4. Jamie Company had the following information for the year ended 31 December 2020:

	\$
Sales	450 000
Purchases	100 500
Returns inwards	20 200
Carriage inwards	2 000
Inventory, 31 December 2020	45 800
Inventory, 1 January 2020	52 500
Discounts received	6 000
Discounts allowed	3 400
Rent and rates	24 000
Other operating expenses	80 000

REQUIRED:

Prepare an income statement for Jamie Company for the year ended 31 December 2020.

(6 marks)

5. Lasso Company keeps records of its cash and bank transactions in a three-column cash book. The balances in the cash book at 1 September 2021 were: cash \$63 800 and bank overdraft \$2 200. The company made the following transactions in the month of September 2021:

2021

- Sep 1 Deposited \$15 000 cash into the bank account.
2 Purchased office equipment of \$35 000 by cheque from Welton Company.
4 The company made the settlement in cash for a purchase made on 30 August 2021. Goods of \$24 000 were bought on that date with a trade discount of 5%. The terms stated that if Lasso Company made the settlement within 10 days, another 3% discount would be received.
5 A cheque for \$13 500 received from a customer was dishonoured and returned by the bank.
7 Received cash of \$42 000 from a customer as settlement of his account of \$46 000.
8 A cash refund of \$2 200 was paid to a customer for goods returned.
11 The company acquired inventory with a list price of \$30 000. The owner paid \$12 000 by a personal cheque and the remaining amount was paid in cash.
18 Settled a supplier's account by a cheque of \$22 800, receiving a 5% discount for early payment.
24 Paid carriage expenses of \$4 500 in cash for delivering goods to a customer.
27 Paid \$22 000 in cash to Keeley, an employee, as part-time salary for the month.
28 The owner withdrew \$9 000 from his private bank account and put the money to the cash box for business use.
30 Interest of \$500 was charged by the bank.

REQUIRED:

Write up a three-column cash book for September 2021.

(11 marks)

END OF PAPER