

UMMUL QURA HIGH SCHOOL

Arowona Bus-stop, Amuloko Area, Akanran Road, Ibadan.

2020/2021 SSS3 MOCK EXAMINATION

Subject: Financial Accounting 1

Class: SSS3

Duration: 1hr

Objective Test

1. Customers use the financial statements of a company to
 - A. assess financial position of the business
 - B. regulate their activities
 - C. ascertain the taxable profit of the business
 - D. be sure of the extent of job security
2. The claim on the assets of a business by outsiders is
 - A. capital
 - B. liabilities
 - C. reserves
 - D. provisions
3. A document sent by a bank to its current account customers detailing their transactions over a given period is
 - A. bank reconciliation statement
 - B. bank statement
 - C. credit transfer
 - D. bank's advice
4. Which of the following items will not be entered in the adjusted cash book?
 - A. Dishonored cheques
 - B. Direct payment to bank
 - C. Uncredited cheques
 - D. Standing order payments
5. If a petty cashier has a cash float of #39,000 and #37,000 is spent, he will be reimbursed with
 - A. #40,500
 - B. #39,000
 - C. #37,500
 - D. #1500
6. A suspense account is used in the

- A. prevention of errors
 - B. correction of errors
 - C. detection of errors
 - D. creation of errors
7. A credit purchase of #200 from P. Osae was posted to the account of p. Osei. This is an error of
 - A. principle
 - B. commission
 - C. omission
 - D. original entry
 8. Discount allowed on goods invoiced at #100,000 was calculated at the rate of 20% instead of 10%. The error is corrected by debiting
 - A. customer account with #20,000: crediting discount allowed with #20,000
 - B. discount allowed with #10,000: crediting customer's account with #10,000
 - C. customer's account with #10,000: crediting discount allowed with #10,000
 - D. discount allowed with #20,000: crediting cash with #20,000
 9. The balance sheet equation shows
 - A. current assets minus current liabilities
 - B. the difference between current assets and current liabilities
 - C. assets and sources of financing them
 - D. source of funding owners' equity
 10. The effect on profit when the closing stock is understated is
 - A. increase in profit
 - B. decrease in profit
 - C. no change in profit
 - D. appropriation of profit
 11. Which of the following describes a trial balance?
 - A. it shows all the entries in the books
 - B. it reveals the financial position of a business
 - C. it is a list of accounting balances on the books
 - D. it is a special account
 12. The account of Jute Enterprise in the books of a supplier, will be a
 - A. nominal account in the general ledger
 - B. personal account in the sales ledger
 - C. personal account in the purchases ledger
 - D. Real account in the general ledger
 13. Which of the following accounts are found in the nominal ledger? I. Advertising II. motor repairs III. addition to motor vehicle

- A. I and II only
 - B. I and III only
 - C. II. and III only
 - D. I, II and III
14. Account payable is classified as a
- A. prepayment
 - B. provision
 - C. current liabilities
 - D. long-term liabilities
15. The accounting concept that provides that accounting statement should not be influenced by personal opinion is
- A. materiality
 - B. periodicity
 - C. objectivity
 - D. conservatism
16. The prudence concept demands that
- A. care is exercise in recognition of profit
 - B. loss should not be anticipated
 - C. profit should be reported
 - D. income should be recognized and disclosed
17. Carriage outward expenses of a business are treated in the
- A. Balance Sheet
 - B. Income Surplus Account
 - C. Profit and Loss Account
 - D. Trading Account.
18. The cost of transporting purchased goods to the warehouse is charged to the
- A. Profit and Loss Account
 - B. Appropriation Account
 - C. Trading Account
 - D. Income Surplus Account

Use the information below to answer questions 19 and 20.

An organization purchased an equipment for #112,000. It is expected to be used for 6 years then sold for #16,000. if the straight line method is used?

19. What is the annual amount of depreciation?
- A. #16,000
 - B. #15,000
 - C. #12,800

D. #12,000

20. What is net book value at the end of the 5th year?

A. #80,000

B. #96,000

C. #16,000

D. #32,000

Use the following information to answer questions 21-22.

Sales ledger bal. 1/06/12 90,000

Total for the month : cash sales 10,000

Return inwards. 3,000

Cheque dishonored. 4,000

Sales ledger bal. 30/06/12. 30,000

21. The credit sales for the month is

A. #36,000

B. #31,000

C. #20,000

D. #10,000

22. The total sales for the month

A. #36,000

B. #31,000

C. #30,000

D. #20,000

23. The excess of the market value of goods produced over the cost of production is

A. profit on manufacturing

B. net profit

C. goodwill

D. gross profit

24. Factory wages form part of

A. administration cost

B. selling and distribution cost

C. overhead cost

D. prime cost

25. Production cost of a manufacturing firm is made up of

A. indirect materials and prime cost

B. factory overhead and prime cost

C. direct material and wages

D. factory overheads and direct materials.

26. In manufacturing enterprises, depreciation of plant is treated in the

- A. Trading Account
 - B. Profit and loss Account
 - C. Manufacturing Account
 - D. Appropriation Account.
27. The purpose of keeping Sales and Purchases Ledger Control Account is to
- A. match credit sales and credit purchases
 - B. equates debtors ' balance to creditors balance
 - C. verify total debtors and total creditors balances
 - D. determine cash sales and cash purchases.
28. Which of the following item will appear in the Total Creditors Account?
- A. Discount allowed
 - B. Credit sales
 - C. Discount received
 - D. Cash purchases
29. A disadvantage of single entry system of book-keeping is that
- A. the profit for the period is reduced
 - B. it is difficult to determine profit for the period
 - C. total sales for the period is reduced
 - D. the owner of the firm withdraws money from the enterprise.
30. Which of the following accounts or statement is used to determine credit purchases figure in an Incomplete Record?
- A. Bank Account
 - B. Control Account
 - C. Profit and Loss Account
 - D. Statement of affairs.
31. A trader sells goods at an average margin of 20%. His cost of sales for the month amounted to #720,000. What is profit figure?
- A. #900,000
 - B. #864,000
 - C. #840,000
 - D. #180,000
32. Donations to a club are
- A. credited to the Income and Expenditure Account
 - B. credited to the Receipt and Payment Account
 - C. debited to the income and Expenditure Account
 - D. debited to Donations Account.
33. A statement of affairs shows
- A. receipts and payments

- B. revenue and expenditure
 - C. financial position
 - D. profit or loss
34. In a non-for-profit making organisation, the Receipts and Payments Accounts is the equivalent of
- A. Profit and Loss Account
 - B. Income and Expenditures Account
 - C. Cash Book
 - D. Balance Sheet
35. Where there is no agreement between the parents, the partnership Act states that
- A. 5% interest is to be paid on capital
 - B. profit and losses are to be shared in proportion of their capital
 - C. 5% interest is to be charged on drawing
 - D. no salary is to be paid to partners
36. Interest on partners drawings are debited in the
- A. partners current accounts and credited to the appropriation account
 - B. drawing account and credited to the profit and loss account
 - C. profit and loss account and credited to the partners current account
 - D. profit and loss account and credited to the partners drawing account
37. Goodwill may be brought into the books when
- A. no partner retires
 - B. assets are more than liabilities
 - C. profit for the period is high
 - D. a new partner is admitted
38. Working capital is the excess of
- A. current assets over fixed assets
 - B. current liabilities over current assets
 - C. fixed assets over current liabilities
 - D. current assets over current liabilities
39. Share premium is classified in the Balance Sheet as
- A. fixed capital
 - B. capital reserve
 - C. revenue reserve
 - D. short-term capital.

use the following information to answer questions 40 and 41.

	#
Opening stock.	2,300
Purchases.	11,840

Sales.	18,600
Closing stock.	3,000
Cost of goods sold.	11,500

40. The percentage of gross profit to Sales is
- 61.82%
 - 38.17%
 - 28.49%
 - 14.25%
41. What is the rate of stock turnover?
- 7 times
 - 6 times
 - 5 times
 - 4 times
42. When allotment of shares is made, applicants for share of a company become
- promoters
 - creditors
 - debtors
 - shareholders
43. The objective of a departmental account is to ascertain the
- number of staff in the department
 - departmental performance
 - stock held by the department
 - departmental labour turnover
44. In departmental account, when goods are sent from one department to another for sale, the transaction is treated as
- inter departmental transfer
 - inter departmental sales
 - intra departmental purchases
 - intra departmental sales.
45. A branch that keeps it's own records prepares the records of transactions with the head office in the
- Branch Current Accounts
 - Branch Stock Account
 - Head Office Current Accounts
 - Profit and Loss Account
46. The accounting entries when goods are sold on credit at the branch are debit:
- Branch Debtors Account: credit Sales Account.
 - Branch Current Account : Credit sales Account

C. Branch Debtors Account : credit Head Office Current Accounts

D. Head Office Current Accounts : credit Sales Account

47. Which of the following is not a method of charging goods sent to branch by its head office?

A. Net realizable value

B. cost price

C. cost plus profit

D. selling price

Use the following information to answer questions 48 and 49.

Nzemaman Local Government incurred the following expenditures in the Year 2015.

	D
Construction of market stalls.	120,000
Staff salaries.	40,000
Purchases of stationery.	9,000
Sinking of borehole.	200,000
Building of classrooms.	90,000
Maintenance of vehicles.	35,000
Purchase of equipment.	28,000

48. Recurrent expenditure for the year is

A. D 112, 000

B. D 84, 000

C. D 77,000

D. D 49,000

49. capital expenditure for the local government is

A. D 473,000

B. D 438,000

C. D 422,000

D 410,000

50. A reserve is an amount

A. set aside from profit for an unknown liability

B. of loss from trading activities

C. of profit from trading activities

D. set aside from profit for specific purpose

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2020/2021 SSS3 MOCK EXAMINATION

Subject: Financial Accounting 2 Class: SSS3 Duration: 2hrs 30mins

Section A: Theory of Financial Accounting

Instruction : Answer two questions only from this section.

1) Explain the following items and outline how they are treated in the final account :

- (a) increase in provision for doubtful debts,
- (b) decrease in provision for doubtful debts,
- (c) provision for discount on debtors,
- (d) provision for discount on creditors,
- (e) provision for depreciation.

2) (a) Outline three reasons for which a cheque would be dishonored

(b) Explain the following terms :

- i) Petty cash float,
- ii) Contra entries,
- iii) Imprest system.

(c) State three advantages of keeping petty cash book using imprest system.

3) (a) State three effects of drawings on the business of a sole proprietor.

(b) Explain how the following items are treated in the balance sheet:

- (i) accrued expenses,

- (ii) prepaid expenses,
- (iii) accrued income.

Section B: Financial Accounting Practice

Instruction : Answer three questions only from this section.

4. Ubochi and Hassanah started a partnership business on 1st January, 2015. They contributed D 300,000 and D 250,000 respectively as capital. Their partnership deed stated that :

- (i) interest of 8% should be paid on capital per annum,
- (ii) Hassanah would be paid D 10,000 monthly as salary,
- (iii) interest on drawing is 5%
- (iv) the profit are to be shared in the ratio 3:2 respectively.

At the end of the year, the profit made was D 300,000. During the period, Ubochi and Hassanah made drawing of D 20,000 and D 15,000 respectively.

You are required to prepare :

- (a) Profit and Loss Appropriation Account for the year ended 31st December, 2015.
- (b) Partners' Current Accounts.

5. On 30th September, 2017, Adedeji's cash book showed a debit balance of #7,600. However, his bank statement showed an overdraft balance of #1,880. On investigation, the following details were discovered :

- i. A standing order of #160 had not been entered in the cash book,
- ii. Bank charges of #40 did not appear in the cash book,
- iii. Cash paid into the bank for #400 had been entered in the cash book as #360,
- iv. A cheque of #200 received from a customer was dishonored,
- v. The bank received a credit transfer of #400 from a customer,

- vi. A cheque of #1360 paid to Dexter Ltd had been entered in the cash book as #1,720,
- vii. A receipt of #40 shown on the bank statement had not been entered in the cash book,
- viii. A cheque drawn amounting to #160 paid is still with the supplier,
- ix. Receipts of #3,600 paid into the bank on 30th September, 2017 did not appear on the bank statement until October 2017,
- x. A cheque of #1,080 paid into bank had been wrongly credited by bank as #600,
- xi. A transfer of #6,000 to bank had not been recorded in the cash book.

You are required to prepare :

(a) Adjusted Cash Book

(b) Bank Reconciliation Statement as at 30th September, 2017.

6. The following information was extracted from the books of Abudabhi & sons Ltd:

(A) Trading, Profit and Loss Account for the year ended 31st December, 2014.

	#	#
Sales		360,000
Opening stock.	30,000	
Add: Purchases.	<u>210,000</u>	
.	240,000	
Less: Closing stock.	<u>40,000</u>	<u>(200,000)</u>
		160,000
Salarie:	92,500	
Directors' fees	5,000	
Insurance.	1,600	
Traveling expenses.	3,400	
Utilities.	4,000	
General expenses.	1,000	

Depreciation.	<u>12,500.</u>	<u>(120,000)</u>
.		40,000
Taxation.		<u>(10,000)</u>
.		30,000
Divided.		<u>(15,000)</u>
Retain profit for the year		15,000
Retained profit brought forward		<u>35,000</u>
Retained profit carried forward.		<u>50,000</u>

All sales and purchases were all on credit.

(B) Balance sheet as at 31st December, 2014.

.	#	#	#
400,000 Ordinary shares @ #0.25 each.			100,000
Retained profits.			<u>50,000</u>
Shareholders funds			<u>150,000</u>
Represented by:			
Land and building.			90,000
Motor vehicle.			<u>15,000</u>
.			105,000
Current Assets :			
Stock.		40,000	
Debtors.		30,000	
Bank.		17,000	
Cash.		<u>3,000</u>	

Sales of finished goods.	500,000
Carriage outward.	7,600
General office expenses.	3,800
Office salaries.	19,200
Stock on 31/12/2014:	
Raw materials.	40,000
Work in progress.	64,000
Finished goods.	72,000

Additional information :

Goods manufactured were transferred to sales department at cost plus 10%.

You are required to prepare the manufacturing, Trading and Profit and Loss Account for the year ended 31st December, 2014.

8. The following balances were extracted from from the book of Emeka company Ltd for the year ended 31st December, 2016.

.	Department	Amount (#)
Sales.	Cloth.	68,000
.	Dress.	54,000
.	Shoes.	41,000
Purchases.	Cloth.	44,800
.	Dress	37,060
.	Shoe.	29,060
Electricity and Water		3,570
Sales expenses.		1,956
Commission paid.		3,260
Printing and stationery.		750

Wages and salaries.		27,000
Miscellaneous expenses.		6,900
Inventory 01/01/16.	Cloth.	12,410
.	Dress.	9,550
.	Shoes.	7,750
Inventory 31/12/16.	Cloth.	10,540
.	Dress.	7,350
.	Shoes.	8,280

Additional information :

Expenses are to apportioned between departments as follows :

- i. Sales expenses and commission in proportion to sales
- ii. Printing and stationery, wages and salaries is the proportion 6:4:5 respectively.
- iii. Other expenses equally.
- iv. You are required to prepared a Departmental Trading and Profit and Loss Account for the year ended 31st December, 2016.