

Annual Examinations for Secondary Schools 2018

YEAR 10

ACCOUNTING

TIME: 2 hrs

Name: _____

Class: _____

FOR OFFICIAL USE ONLY

MARKS

SECTION	A	B	C	D1	D2	Project	TOTAL
MARKS	10	10	30	20	15	15	100
STUDENT'S MARK							

INSTRUCTIONS TO STUDENTS

- **ANSWER ALL QUESTIONS.**
- **THE ORDERLY PRESENTATION OF YOUR WORK IS IMPORTANT.**
- **ILLEGIBLE WORK WOULD BE WRITTEN OFF.**
- **SECTIONS A AND B ARE TO BE ANSWERED ON THE PAPER.**
- **SECTIONS C AND D ARE TO BE ANSWERED ON THE FOOLSCAPS PROVIDED.**
- **YOU HAVE TO MAKE THE NECESSARY RULINGS.**

SECTION A**[10 marks]****Tick (✓) the correct answer in the space provided. Each question carries 1 mark.**

1. A suspense account is opened whenever:
- (a) The trial balance totals agree.
 - (b) The trial balance totals do not agree.
 - (c) The statement of financial position totals agree.
 - (d) The statement of profit or loss totals do not agree.

2. Insurance paid by cheque €256 was correctly entered in the insurance account but inadvertently entered as €265 in cash book. To correct this error the entries should be:

Debit	Credit	Amount(€)	
(a) Bank a/c	Suspense a/c	9	<input type="checkbox"/>
(b) Bank a/c	Suspense a/c	265	<input type="checkbox"/>
(c) Insurance a/c	Bank a/c	256	<input type="checkbox"/>
(d) Suspense a/c	Bank a/c	9	<input type="checkbox"/>

3. A disposal account is opened whenever the business:
- (a) buys a non-current asset.
 - (b) buys goods from suppliers.
 - (c) sells a non-current asset.
 - (d) sells goods to customers.

4. A firm bought a delivery van for €25,000. It is expected to be used for ten years then sold for €2,000. What is the annual charge of depreciation, if the straight line method is used:
- (a) €2,000.
 - (b) €2,500.
 - (c) €2,400.
 - (d) €2,300.

5. Depreciation is:
- (a) the amount spent by a business to buy a new non-current asset.
 - (b) the estimated disposal value.
 - (c) part of the cost of the non-current asset 'consumed' during a period of time.
 - (d) the amount of money spent to replace a non-current asset.

6. A Bank Reconciliation Statement is a statement:
- (a) sent by the bank to show that the business account is overdrawn.
 - (b) sent by the bank if a cheque is lost.
 - (c) made by the bank to verify the cash book.
 - (d) drawn up to make the cash book balance and bank statement balance agree.
7. Which of the following is not a reason for a cheque to be dishonoured?
- (a) The cheque does not have a signature.
 - (b) The drawer has sufficient funds in the bank.
 - (c) The drawer does not have sufficient funds in the bank.
 - (d) The amount in words is not equal to the amount in figures (numbers).
8. Which of the following items is shown in the bank column of the cash book but not in the bank statement?
- (a) Unpresented cheque.
 - (b) Credit transfer.
 - (c) Direct debit.
 - (d) Standing order.
9. The rent of a business amounted to €8,500. The business has two departments; Department A and Department B. If rent was to be divided between Department A and Department B in the ratio of 4:1, then the apportionment for rent would be:
- (a) Department A €1,700, Department B €6,800.
 - (b) Department A €8,000, Department B €500.
 - (c) Department A €6,800, Department B €1,700.
 - (d) Department A €6,600, Department B €1,900.
10. An income receivable prepaid is shown in the statement of financial position as part of:
- (a) non-current liabilities.
 - (b) current liabilities.
 - (c) non-current assets.
 - (d) current assets.

SECTION B

[10 marks]

Answer the following questions in the spaces provided.

What is the difference between

1. error of original entry and error of omission? (2 marks)

2. credit transfer and direct debit? (2 marks)

3. bank overdraft and bank loan? (2 marks)

4. direct costs and indirect costs? (2 marks)

5. sales ledger control account and purchases ledger control account? (2 marks)

SECTION D – Answer both questions in this section on the foolscaps provided. [35 marks]

1. The financial year of Peter Abela, a retailer, ended on 31 December 2017. He provided you with the following information regarding certain expenses and income

a.	Motor Expenses	Paid in 2017 for motor expenses by cheque €800. Owing as at 31 December 2017 €100.
b.	Insurance	Paid in 2017 for insurance by cash €1,500. Prepaid as at 31 December 2016 €85, prepaid as at 31 December 2017 €135.
c.	Stationery	Paid during 2017 for stationery €380 in cash. Stationery accrued as at 31 December 2016 €50, Inventory of stationery as at 31 December 2017 €30.
d.	Rent	Rent paid in advance as at 31 December 2016 €200. Rent of €3,000 was paid by cheque, to cover the period 1 February 2017 to 30 April 2018.
e.	Commission receivable	The business received by cheque, a commission of €680 for the year to 31 December 2017. Owing as at 31 December 2016 €80, accrued as at 31 December 2017 €50.

Required:

Prepare the appropriate ledger accounts for these five items, including the amount to be transferred to the Statement of Profit or Loss and the balance carried down to the year 2018. (20 marks)

2. A business started trading on 1 January 2016. It was decided to create an allowance for doubtful debts at the rate of 4% of trade receivables. The following details are available for the two years ended 31 December 2016 and 2017.

	31 December 2016	31 December 2017
	€	€
Irrecoverable debts written off	340	489
Total trade receivables at year end	7,500	6,550
Irrecoverable debts recovered	214	165

- a. For each of the two years you are required to prepare:
- Irrecoverable Debts Accounts. (4 marks)
 - Irrecoverable Debts Recovered Accounts. (4 marks)
 - Allowance for Doubtful Debts Account. (4 marks)
- b. Show the relevant extract from the Statement of Profit or Loss for the year ended 31 December 2017. (3 marks)

END OF PAPER