

Annual Examinations for Secondary Schools 2018

YEAR 11 **ACCOUNTING** **TIME: 2 hours**

Name: _____

Class: _____

FOR OFFICIAL USE ONLY							
MARKS							
SECTION	A	B	C	D			TOTAL
QUESTION	1 – 10	11 – 20	21	22	23	24	
MARKS	10	10	35	15	15	15	100
STUDENT'S MARK							

INSTRUCTIONS TO STUDENTS

Answer all questions.

Non programmable calculators may be used.

The clear presentation of your work is important.

You have to make all the necessary rulings.

SECTION A**[10 marks]****Answer all questions in this section****Tick (✓) the correct answer in the space provided.**

1. Which of the following is correct?
- (a) Assets + Liabilities = Capital
 - (b) Assets + Capital = Liabilities
 - (c) Assets - Liabilities = Capital
 - (d) Capital - Liabilities = Assets
2. John owes €200 to one of his suppliers. He is entitled to 3% cash discount. John will draw a cheque for:
- (a) €200
 - (b) €194
 - (c) €206
 - (d) €197
3. Mario owes €1,200 to Alfred. In turn, Alfred owed €900 to John. The amount of set-off in both accounts is:
- (a) €900
 - (b) €1,200
 - (c) €300
 - (d) €2,100
4. Drawings
- (a) are included in the Statement of Profit or Loss
 - (b) are considered as an expense
 - (c) are deducted from the capital
 - (d) are deducted from the cost of sales
5. The amount paid for wages during the year amounted to €432,000. There were €2,200 still owing. Which is the amount to be included in the Statement of Profit or Loss (Income Statement)?
- (a) €432,000
 - (b) €2,200
 - (c) €429,800
 - (d) €434,200
6. On 1 January 2017 the allowance for doubtful debts was €900. Trade Receivables as at 31 December 2017 amounted to €35,000. The allowance for doubtful debts is kept at 3% of trade receivables. The new allowance for doubtful debts is:
- (a) €1,950
 - (b) €1,050
 - (c) €150
 - (d) €900

14. The allowance for doubtful debts mainly satisfies the [prudence / matching / going concern] concept.
15. A cheque was received from M Saliba. It was credited in M Sammut A/C by mistake. This is an error of [omission / principle / commission].
16. The sum of direct materials, direct labour and direct expenses is called [prime cost / overheads / total cost].
17. Bank charges shown in the bank statement but not in the cash book should be used [to update the cash book / in the bank reconciliation statement / to update the bank statement].
18. Irrecoverable debts are amounts which [may not / are likely to / are known that will not] be received.
19. In a voluntary organisation, the committee members [should / cannot / must] take drawings.
20. Control accounts may be used to check [non-current assets / non-current liabilities / for errors in the double entry].

SECTION C

[35 marks]

Answer the question on the foolscaps provided.

21. The Santa Lucia Band Club is in the process of preparing its financial statements for the year ended 31 December 2017 in preparation for the Annual General Meeting.

The treasurer has been caught with some medical problems and the committee has asked you to prepare the financial statements for the year.

The gave you the following information:

(i)

Receipts and Payments Account

	€		€
Balance b/d	1,500	Electricity and water	900
Membership Fees	3,060	Rent	1,000
Bar Sales	14,500	Bar Payables	8,000
		Barman's wages	4,800
		Stationery	200
		Conductor's fees	4,000
		Balance c/d	160
	19,060		19,060

(ii) The club had the following assets and liabilities:

	<u>1 January 2017</u>	<u>31 December 2017</u>
	€	€
Bar equipment	10,000	9,500
Musical instruments	40,000	35,000
Furniture	8,000	7,000
Electricity and water owing	140	130
Bar payables	700	850
Rent prepaid	200	250
Bar inventory	500	680

Required, showing all your workings:

- (a) Prepare the Bar Trading A/C for the year ended 31 December 2017. (9 marks)
- (b) Prepare the Income and Expenditure Account for the year ended 31 December 2017. (13 marks)
- (c) Prepare the Statement of Financial Position as at 31 December 2017. (13 marks)

SECTION D

[45 marks]

Answer all questions on the foolscaps provided.

22. The following were the sales made by Food Importers Ltd during the first week of January 2018:

2 January	Albert Agius	€250
4 January	Brian Borg	€450
5 January	Carmel Callus	€200

The sales values shown above are after deducting trade discount but excluding VAT.

All sales are subject to 18% VAT.

Required, showing all your workings:

- (a) Draw the columnar sales day book showing clearly the net sales value, the VAT and the total charged to the customers. (10 marks)
- (b) Open the appropriate personal accounts in the Sales Ledger. (3 marks)
- (c) Open the Sales and VAT accounts in the General Ledger. (2 marks)

23. The following is a trial balance extracted from the books of David Coleiro, a manufacturer, as at 31 December 2017:

Trial Balance as at 31 December 2017

	Dr	Cr
	€	€
Capital		963,400
Bank		43,000
Sales		705,600
Purchases of Raw Materials	240,000	
Carriage Inwards	5,000	
Inventories: Raw Materials	50,000	
Work in Progress	45,000	
Finished Goods	80,000	
Purchases Returns		2,000
Plant and Machinery, at cost	500,000	
Allowance for Depreciation: Plant and Machinery		140,000
Motor Vehicles, at cost	80,000	
Allowance for Depreciation: Motor Vehicles		30,000
Premises, at cost	390,000	
Allowance for Depreciation: Premises		46,000
Direct Wages	150,000	
Factory Indirect Wages	90,000	
Power	16,000	
Lighting and Heating	9,000	
Insurance	3,000	
Administration Salaries	160,000	
Salesmen's Wages	95,000	
Trade Receivables	35,000	
Trade Payables		40,000
Drawings	22,000	
	1,970,000	1,970,000

Additional information:

- (i) Inventories as at 31 December 2017 were valued as follows:

Raw Materials	€60,450
Work in Progress	€38,000
Finished Goods	€92,000

- (ii) Lighting and Heating is to be apportioned 2/3 factory and 1/3 administration.

Insurance and depreciation on premises are to be shared equally between the factory and administration.

- (iii) Insurance includes a prepayment of €500.

- (iv) €1,000 is owing for power while accrued lighting and heating is €600.

(v) Depreciation is to be charged as follows:

Premises	4% on cost
Plant and Machinery	20% reducing balance method
Motor Vehicles	25% on book value

Required, showing all your workings:

- (a) Prepare the Manufacturing Account for the year ended 31 December 2017. (12 marks)
- (b) On 1 January 2017 the firm had an inventory of 100 units of finished goods, while the inventory of finished goods on 31 December 2017 was made up of 92 units of finished goods. During the year 1,008 units were sold.

Calculate the production cost of 1 unit. (3 marks)

PTO for Question 24

24. On 31 January 2018 the bank column in the cash book of Alfred Grech, a sole trader, showed an overdraft of €1,300.

In the first week of February 2018 Alfred received a bank statement which showed a different balance as at 31 January 2018.

On checking the two documents, Alfred found the following differences:

- (i) A credit transfer of €200 received from JL Marketing Ltd was credited in the bank statement but not shown in the cash book.
- (ii) Cheques totalling €700 issued by Alfred were not recorded in the bank statement although credited in the cash book.
- (iii) A standing order of €400 for annual insurance was shown in the bank statement but not in the cash book.
- (iv) Bank deposits made in on 30 January 2018 totalling €600 were debited in the cash book but were not shown in the bank statement.
- (v) A direct debit of €140 to Arms Ltd was shown in the bank statement but not in the cash book.
- (vi) A cheque for €300 received from a trade receivable and deposited on 27 January has been dishonoured by the bank. The dishonour of this cheque has been debited by the bank in the bank statement but was not recorded in the cash book.
- (vii) Bank charges of €80 were shown in the bank statement but not in the cash book.
- (viii) Bank interest of €70 for the month of January was shown in the bank statement but not in the cash book.

Required:

- (a) Draw an updated cash book as at 31 January 2018. (9 marks)
- (b) Draw a bank reconciliation statement as at 31 January 2018 showing clearly the balance on the bank statement. (6 marks)

END OF PAPER