**ST MARY’S UNIVERSITY**

TWICKENHAM, LONDON

BA/BA (ITT) Degree Examination students registered for

Level **FIVE**

Title: **Fundamentals of Accounting (in-class test re-sit)**

Code: **MGT5014**

Semester: **Re-sit**

Date: **03 July 2019**

Time: **13:30-15:30pm**

TIME ALLOWED: **TWO** HOURS

End of module examination. Candidates are permitted to bring one approved calculator into this examination. **ANSWER ALL QUESTIONS.**

At the end of the exam, attach this exam paper to your hand-written answer-book

using the treasury tag provided. **Make sure to write your regnum in the space below:**

**Regnum……………………………..**

**Section A (Write your answer in the answer-booklet)**

*Shaun D’Olier*, a sole-trader, operates an electrical goods retail outlet. At the end of the first year of trading, the business’ trial balance provides the following figures:



# Additional information:

# Inventory as at 31st October 2014 was valued at £12,042

1. At 31st October 2014 it was estimated that the business owed £1,000 for rent.
2. The figure for rates includes £500 paid in advance.
3. A provision for bad debts is to be created amounting to 2% of trade receivables.

#  Annual depreciation is to be charged on motor vehicles at 20% of cost.

# You are required to:

1. Prepare Shaun D’Olier’s statement of comprehensive income for the year ending 31st October 2014. **(25 marks)**
2. Prepare Shaun D’Olier’s statement of financial position as at 31st October 2014. **(25 marks)**

**Section B. (30 marks)**

Answer all multiple choice questions by indicating on this exam paper the appropriate option (a, b, c, d) for each question.

Please **do not** transcribe your answers to multiple choice questions into your answer-book**. Only the answers to multiple choice questions that you indicate on this exam paper will be marked.**

1. Which one of the following statements is correct?
	1. Assets + Capital = Liabilities
	2. Liabilities ÷ Capital = Assets
	3. Liabilities + Assets = Capital
	4. Assets – Liabilities = Capital
2. Which of the following formulae may be used to calculate gross profit?
3. Net profit add expenses.
4. Cost of goods sold less purchases.
5. Sales add the cost of goods sold.
6. None of the above.
7. Which of the following would *not* be classified amongst current liabilities in the accounts of a business
8. Bank overdraft.
9. Accrued interest charges.
10. A provision for doubtful debts.
11. Corporation tax payable.
12. Which of the following best describes current assets?
13. Assets which are readily convertible into cash on demand.
14. Assets specifically set aside to discharge liabilities maturing within the next accounting period.
15. Assets expected to be converted to cash within the next accounting period.
16. Assets expected to be converted to cash or be used up within the next accounting period.
17. The net book value of a non-current asset represents:
18. Its undepreciated cost.
19. Its market value on a going concern basis.
20. The amount still to be written off over its remaining life.
21. Its realisable value in a forced sale.
22. Which transaction is represented by the entries: debit bank, credit M. Smith?
23. Sale of goods to Smith for cash.
24. Purchase of goods from Smith.
25. Receipt of cash from Smith.
26. Payment of cash to Smith.
27. Which of the following costs would be classified as revenue expenditure on the invoice for a new car?
	1. Number plates.
	2. Fitted sun roof.
	3. Delivery costs.
	4. Road tax.
28. The following data relates to a sole trader who has been trading for several years:

|  |  |
| --- | --- |
|  |  **£** |
| Net Profit |  7,000 |
| Drawings |  9,000 |
| Capital at end of year |  31,000 |

Assuming that there were no new injections of capital during the year, what was the business’s opening capital?

* + 1. £16,000
		2. £29,000
		3. £33,000
		4. £47,000
1. An accumulated provision for depreciation value on a non-current asset shown in the trial balance at the end of the current financial year should be:
2. Shown as an expense in the SCI.
3. Added to the asset’s current year depreciation expense charge on the SFP.
4. Subtracted from the asset’s current year depreciation charge on the SFP.
5. None of the above.
	1. When preparing its financial statements, if a business deliberately under-estimates the provision for doubtful debts, it would be:
6. overstating its performance and understating its liability.
7. overstating its performance as well as its liability.
8. overstating its performance and understating its assets.
9. overstating its performance as well as its assets.

**Section C.**

* + - 1. The Statement of Principles for Financial Reporting (Accounting Standards Board, 1999) identifies the main users of the financial statements of limited companies. Identify any ***FIVE*** of these user groups and explain their information needs. **(10 marks)**
			2. What is the general purpose of:

the statement of comprehensive income. **(5 marks)**

the statement of financial position. **(5 marks)**

**END OF EXAMINATION**