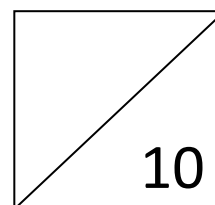


**South Tuen Mun Government Secondary School**  
**Business, Accounting and Financial Studies**  
**Paper 1 Revision- Introduction to Accounting Ch.1-2**  
**DSE Past Paper 2012-2019**



Name: \_\_\_\_\_ Class: \_\_\_\_\_ ( ) Date: \_\_\_\_\_

**Ch 1**

13-30	<p>Which of the following are tasks of accounting?</p> <p>(1) classifying and recording business transactions  (2) equipping the purchasing system with security measures  (3) summarising and reporting the performance of the company's sales periodically</p> <p>A. (1) and (2) only  B. (1) and (3) only  C. (2) and (3) only  D. (1), (2) and (3)</p>
18-23	<p>Which of the following is <b>not</b> a function of accounting?</p> <p>A. summarising business transactions  B. monitoring the performance of the accounting staff  C. communicating the performance of the business to different stakeholders  D. classifying business transactions</p>

**Ch 2**

17-9	<p>If an account has a debit balance, which of the following statements about the account is correct?</p> <p>A. The total amount of the debit side in the account is higher than the total amount of the credit side.  B. The balance carried down appears on the debit side of the account.  C. The balance brought down appears on the right hand side of the account.  D. The account is an asset account.</p>																								
17-19	<p>Mr Wong set up a firm on 1 January 2017. He introduced his motor van of \$40 000 into the firm. The firm borrowed \$200 000 from Mr Wong's relatives to purchase office equipment and \$100 000 from bank for the business operation.</p> <p>What are the amounts of the firm's assets, liabilities and capital on 1 January 2017?</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Assets</u></th> <th style="text-align: center;"><u>Liabilities</u></th> <th style="text-align: center;"><u>Capital</u></th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>A.</td> <td style="text-align: right;">240 000</td> <td style="text-align: right;">200 000</td> <td style="text-align: right;">40 000</td> </tr> <tr> <td>B.</td> <td style="text-align: right;">40 000</td> <td style="text-align: right;">300 000</td> <td style="text-align: right;">340 000</td> </tr> <tr> <td>C.</td> <td style="text-align: right;">340 000</td> <td style="text-align: right;">100 000</td> <td style="text-align: right;">240 000</td> </tr> <tr> <td>D.</td> <td style="text-align: right;">340 000</td> <td style="text-align: right;">300 000</td> <td style="text-align: right;">40 000</td> </tr> </tbody> </table>		<u>Assets</u>	<u>Liabilities</u>	<u>Capital</u>		\$	\$	\$	A.	240 000	200 000	40 000	B.	40 000	300 000	340 000	C.	340 000	100 000	240 000	D.	340 000	300 000	40 000
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19-6	<p>A firm acquired a set of equipment with a list price of \$200 000. The owner paid \$50 000 by personal cheque and the remaining amount was to be settled later on. Which of the following are the effects of this transaction on the accounting equation?</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Assets</u></th> <th style="text-align: center;"><u>Capital</u></th> <th style="text-align: center;"><u>Liabilities</u></th> </tr> </thead> <tbody> <tr> <td>A.</td> <td style="text-align: center;">increase</td> <td style="text-align: center;">increases</td> <td style="text-align: center;">decrease</td> </tr> <tr> <td>B.</td> <td style="text-align: center;">increase</td> <td style="text-align: center;">increases</td> <td style="text-align: center;">increase</td> </tr> <tr> <td>C.</td> <td style="text-align: center;">increase</td> <td style="text-align: center;">decreases</td> <td style="text-align: center;">increase</td> </tr> <tr> <td>D.</td> <td style="text-align: center;">decrease</td> <td style="text-align: center;">unchanged</td> <td style="text-align: center;">decrease</td> </tr> </tbody> </table>		<u>Assets</u>	<u>Capital</u>	<u>Liabilities</u>	A.	increase	increases	decrease	B.	increase	increases	increase	C.	increase	decreases	increase	D.	decrease	unchanged	decrease				
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17-28	<p>Which of the following double entries is/are correct?</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Transaction</u></th> <th style="text-align: left;"><u>Account to be debited</u></th> <th style="text-align: left;"><u>Account to be credited</u></th> </tr> </thead> <tbody> <tr> <td>(1) Settled a trade debt by cheque</td> <td>Trade payables</td> <td>Bank</td> </tr> <tr> <td>(2) Sold the office furniture of the firm on credit</td> <td>Trade receivables</td> <td>Sales</td> </tr> <tr> <td>(3) Paid carriage expenses for delivering goods to customers in cash</td> <td>Carriage outwards</td> <td>Cash</td> </tr> </tbody> </table> <p>A. (1) only  B. (1) and (3) only  C. (2) and (3) only  D. (1), (2) and (3)</p>	<u>Transaction</u>	<u>Account to be debited</u>	<u>Account to be credited</u>	(1) Settled a trade debt by cheque	Trade payables	Bank	(2) Sold the office furniture of the firm on credit	Trade receivables	Sales	(3) Paid carriage expenses for delivering goods to customers in cash	Carriage outwards	Cash			
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12-14	<p>Arrange the following tasks in the accounting cycle in sequence.</p> <p>(1) prepare a trial balance  (2) prepare financial statements  (3) record transactions in day books  (4) post entries to the ledger accounts</p> <p>A. (3) → (4) → (2) → (1)  B. (3) → (4) → (1) → (2)  C. (4) → (3) → (2) → (1)  D. (4) → (3) → (1) → (2)</p>															
15-14	<p>A firm sells goods to a customer on credit. Which of the following are the effects of this transaction on the statement of financial position?</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: left;"><u>Total current assets</u></th> <th style="text-align: left;"><u>Total current liabilities</u></th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>decrease</td> <td>increase</td> </tr> <tr> <td>B.</td> <td>decrease</td> <td>decrease</td> </tr> <tr> <td>C.</td> <td>increase</td> <td>unchanged</td> </tr> <tr> <td>D.</td> <td>unchanged</td> <td>unchanged</td> </tr> </tbody> </table>		<u>Total current assets</u>	<u>Total current liabilities</u>	A.	decrease	increase	B.	decrease	decrease	C.	increase	unchanged	D.	unchanged	unchanged
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12-16	<p>Which of the following transactions will affect the total amount of liability of a business?</p> <p>A. assets introduced by the owner into the business  B. goods sold to customers on credit  C. machinery bought with its price settled two months later  D. sales proceeds deposited into the business's bank account</p>															
18-6	<p>Which of the following should be recorded as an expense of a firm?</p> <p>(1) wages paid to the part-time workers of the firm in cash  (2) insurance paid for owner's private apartment by the firm's cheque  (3) rent paid for the firm's warehouse by owner's personal cheque</p> <p>A. (1) and (2) only  B. (1) and (3) only  C. (2) and (3) only  D. (1), (2) and (3)</p>															