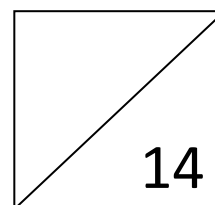


South Tuen Mun Government Secondary School
Business, Accounting and Financial Studies
Paper 1 Revision- Introduction to Accounting Ch.5
DSE Past Paper 2012-2019



Name: _____ Class: _____ () Date: _____

Ch 5

| 13-14 | <p>Which of the following items are to be provided in the income statement of a business?</p> <p>(1) profits earned during the accounting period (2) air freight charges for senior managers attending overseas meetings (3) trade discounts allowed to regular customers</p> <p>A. (1) and (2) only B. (1) and (3) only C. (2) and (3) only D. (1), (2) and (3)</p> | | | | | | | | | | | | |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|----|-------|---------|-----------|--------|-------------------|-------|------------------|-------|----------|--------|
| 12-2 | <p>In an income statement, _____ should be deducted from sales, while _____ should be added to the cost of goods sold.</p> <p>A. returns inwards; closing inventory B. returns inwards; carriage inwards C. returns outwards; opening inventory D. returns outwards; carriage outwards</p> | | | | | | | | | | | | |
| 16-12 | <p>Which of the following would affect the calculation of cost of goods sold?</p> <p>A. rental expenses for the office B. carriage expenses for the delivery of goods to customers C. discounts given by suppliers for purchasing a large quantity of goods D. discounts given by suppliers for early settlement of outstanding balances</p> | | | | | | | | | | | | |
| 19-16 | <p>A firm was set up in January 2018. The following account balances were extracted from its books as at 31 December 2018:</p> <table style="margin-left: 40px;"> <thead> <tr> <th></th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td style="text-align: right;">154 000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">51 000</td> </tr> <tr> <td>Carriage outwards</td> <td style="text-align: right;">2 500</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">4 700</td> </tr> <tr> <td>Salaries</td> <td style="text-align: right;">31 000</td> </tr> </tbody> </table> <p>The inventory as at 31 December 2018 amounted to \$7 200. The gross profit for the year ended 31 December 2018 was _____.</p> <p>A. \$72 000 B. \$105 500 C. \$107 700 D. \$114 900</p> | | \$ | Sales | 154 000 | Purchases | 51 000 | Carriage outwards | 2 500 | Carriage inwards | 4 700 | Salaries | 31 000 |
| | \$ | | | | | | | | | | | | |
| Sales | 154 000 | | | | | | | | | | | | |
| Purchases | 51 000 | | | | | | | | | | | | |
| Carriage outwards | 2 500 | | | | | | | | | | | | |
| Carriage inwards | 4 700 | | | | | | | | | | | | |
| Salaries | 31 000 | | | | | | | | | | | | |

| 16- | <p>The following account balances as at 31 December 2015 were extracted from the books of a firm:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Dr</th> <th style="width: 20%; text-align: center;">Cr</th> </tr> <tr> <th></th> <th style="text-align: center;">\$</th> <th style="text-align: center;">\$</th> </tr> </thead> <tbody> <tr> <td>Purchases</td> <td style="text-align: right;">75 000</td> <td></td> </tr> <tr> <td>Returns inwards and returns outwards</td> <td style="text-align: right;">5 000</td> <td style="text-align: right;">3 000</td> </tr> <tr> <td>Discounts allowed and discounts received</td> <td style="text-align: right;">3 500</td> <td style="text-align: right;">2 000</td> </tr> <tr> <td>Inventory as at 1 January 2015</td> <td style="text-align: right;">15 000</td> <td></td> </tr> <tr> <td>Electricity</td> <td style="text-align: right;">10 000</td> <td></td> </tr> <tr> <td>Wages and salaries</td> <td style="text-align: right;">36 500</td> <td></td> </tr> </tbody> </table> <p>29. Given that the inventory as at 31 December 2015 was \$27 000, what was the cost of goods sold for the year ended 31 December 2015?</p> <p>A. \$54 500 B. \$58 000 C. \$60 000 D. \$63 000</p> <p>30. Given that the net profit for the year ended 31 December 2015 was \$9000, what was the gross profit for the year?</p> <p>A. \$59 000 B. \$57 000 C. \$54 000 D. \$53 500</p> | | Dr | Cr | | \$ | \$ | Purchases | 75 000 | | Returns inwards and returns outwards | 5 000 | 3 000 | Discounts allowed and discounts received | 3 500 | 2 000 | Inventory as at 1 January 2015 | 15 000 | | Electricity | 10 000 | | Wages and salaries | 36 500 | |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|----|--|----|----|-----------|--------|--|--------------------------------------|-------|-------|------------------------------------------|-------|-------|--------------------------------|--------|--|-------------|--------|--|--------------------|--------|--|
| | Dr | Cr | | | | | | | | | | | | | | | | | | | | | | | |
| | \$ | \$ | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | 75 000 | | | | | | | | | | | | | | | | | | | | | | | | |
| Returns inwards and returns outwards | 5 000 | 3 000 | | | | | | | | | | | | | | | | | | | | | | | |
| Discounts allowed and discounts received | 3 500 | 2 000 | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory as at 1 January 2015 | 15 000 | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity | 10 000 | | | | | | | | | | | | | | | | | | | | | | | | |
| Wages and salaries | 36 500 | | | | | | | | | | | | | | | | | | | | | | | | |
| 15- | <p>Nelson established his firm on 1 January 2014. Its sales and purchases for the year ended 31 December 2014 were \$540 000 and \$230 000 respectively. The gross profit ratio for 2014 was 60% while the net profit margin was 35%.</p> <p>29. What is the amount of inventory of the firm as at 31 December 2014?</p> <p>A. \$10 000 B. \$12 000 C. \$14 000 D. \$18 000</p> <p>30. What is the amount of expenses of the firm for 2014?</p> <p>A. \$135 000 B. \$189 000 C. \$216 000 D. \$324 000</p> | | | | | | | | | | | | | | | | | | | | | | | | |
| 15-18 | <p>Which of the following descriptions of cash discounts offered to customers are correct?</p> <p>(1) They are expenses. (2) They must be recorded in the books. (3) They are used to encourage customers to purchase in cash.</p> <p>A. (1) and (2) only B. (1) and (3) only C. (2) and (3) only D. (1), (2) and (3)</p> | | | | | | | | | | | | | | | | | | | | | | | | |

| 14-18 | <p>How will an increase in discounts received affect the gross profit and net profit?</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Gross profit</u></th> <th style="text-align: center;"><u>Net profit</u></th> </tr> </thead> <tbody> <tr> <td>A.</td> <td style="text-align: center;">unchanged</td> <td style="text-align: center;">unchanged</td> </tr> <tr> <td>B.</td> <td style="text-align: center;">unchanged</td> <td style="text-align: center;">increases</td> </tr> <tr> <td>C.</td> <td style="text-align: center;">increases</td> <td style="text-align: center;">unchanged</td> </tr> <tr> <td>D.</td> <td style="text-align: center;">increases</td> <td style="text-align: center;">increases</td> </tr> </tbody> </table> | | <u>Gross profit</u> | <u>Net profit</u> | A. | unchanged | unchanged | B. | unchanged | increases | C. | increases | unchanged | D. | increases | increases | | | | | | | | | | | | | | | |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|-------------------|---------|--------------|-----------|--------------|-----------|-------------------|--------|----------------|-----------|-------|-----------|-----------|---------|--------------------------------|--------|-------------------|-------|------------------|---------|-------------------------|--------|------------------|-------|---------------------|-------|------------------|-------|
| | <u>Gross profit</u> | <u>Net profit</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A. | unchanged | unchanged | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B. | unchanged | increases | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C. | increases | unchanged | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D. | increases | increases | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 13- | <p>The following were the account balances of King Kong Company as at 31 December 2012:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th style="text-align: right;">\$</th> </tr> </thead> <tbody> <tr> <td>Capital</td> <td style="text-align: right;">199 800</td> </tr> <tr> <td>Cash in hand</td> <td style="text-align: right;">25 000</td> </tr> <tr> <td>Cash at bank</td> <td style="text-align: right;">?</td> </tr> <tr> <td>Trade receivables</td> <td style="text-align: right;">10 500</td> </tr> <tr> <td>Trade payables</td> <td style="text-align: right;">5 500</td> </tr> <tr> <td>Sales</td> <td style="text-align: right;">232 000</td> </tr> <tr> <td>Purchases</td> <td style="text-align: right;">108 000</td> </tr> <tr> <td>Inventory as at 1 January 2012</td> <td style="text-align: right;">15 000</td> </tr> <tr> <td>Discounts allowed</td> <td style="text-align: right;">5 600</td> </tr> <tr> <td>Office equipment</td> <td style="text-align: right;">280 000</td> </tr> <tr> <td>Administrative expenses</td> <td style="text-align: right;">32 000</td> </tr> <tr> <td>Returns outwards</td> <td style="text-align: right;">6 800</td> </tr> <tr> <td>Commission received</td> <td style="text-align: right;">8 700</td> </tr> <tr> <td>Carriage inwards</td> <td style="text-align: right;">4 500</td> </tr> </tbody> </table> <p>18. What was the balance of the cash at bank account as at 31 December 2012?</p> <p>A. \$16 600 B. \$27 800 (overdraft) C. \$30 200 D. \$41 400 (overdraft)</p> <p>19. If the inventory as at 31 December 2012 was \$13 400, what would be the gross profit for the year?</p> <p>A. \$117 900 B. \$122 400 C. \$124 700 D. \$129 200</p> | | \$ | Capital | 199 800 | Cash in hand | 25 000 | Cash at bank | ? | Trade receivables | 10 500 | Trade payables | 5 500 | Sales | 232 000 | Purchases | 108 000 | Inventory as at 1 January 2012 | 15 000 | Discounts allowed | 5 600 | Office equipment | 280 000 | Administrative expenses | 32 000 | Returns outwards | 6 800 | Commission received | 8 700 | Carriage inwards | 4 500 |
| | \$ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital | 199 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash in hand | 25 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash at bank | ? | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade receivables | 10 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Trade payables | 5 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sales | 232 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Purchases | 108 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Inventory as at 1 January 2012 | 15 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Discounts allowed | 5 600 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office equipment | 280 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Administrative expenses | 32 000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Returns outwards | 6 800 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commission received | 8 700 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Carriage inwards | 4 500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-20 | <p>Which of the following would increase the gross profit of a trading firm?</p> <p>A. decrease in returns outwards B. decrease in carriage outwards C. increase in trade discounts offered by the supplier D. increase in cash discounts offered by the supplier</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18-29 | <p>Which of the following about an income statement is not correct?</p> <p>A. Information is mostly quantitative. B. Information mainly reflects past events. C. Its preparation involves professional judgements. D. Its preparation is based on cash receipts and cash payments only.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |