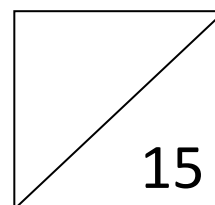


South Tuen Mun Government Secondary School
Business, Accounting and Financial Studies
Paper 1 Revision- Introduction to Accounting Ch.6
DSE Past Paper 2012-2019



Name: _____ Class: _____ () Date: _____

Ch 6

14-26	<p>An asset is classified as a current asset on the statement of financial position if it _____</p> <p>A. was purchased on credit more than 12 months ago B. was purchased in cash in the last 12 months C. is to be sold within 12 months D. is to be used for over 12 months</p>
16-13	<p>Which of the following statements about non-current assets is correct?</p> <p>A. Their cost of purchases exceeds \$100 000. B. They are used for the operations of the business. C. Their balances are presented in the income statement. D. Accounts receivable is a non-current asset.</p>
19-12	<p>Which of the following will decrease the total amount of current liabilities of a business?</p> <p>(1) some unpaid goods are returned to the supplier (2) trade payables are repaid using a bank overdraft facility (3) a 6-month loan is repaid by taking out a 3-year bank loan</p> <p>A. (1) and (2) only B. (1) and (3) only C. (2) and (3) only D. (1), (2) and (3)</p>
16-23	<p>On 1 January 2015, Mr Lee set up a firm with cash of \$100 000. On the same day, the firm took out a loan of \$200 000 from a bank. At the end of that year, total assets and total liabilities of the firm were \$980 000 and \$560 000 respectively. During the year, Mr Lee made regular cash drawings of \$5000 per month.</p> <p>What is the net profit of the firm for the year 2015?</p> <p>A. \$180 000 B. \$260 000 C. \$325 000 D. \$380 000</p>
15-10	<p>Which of the following is not a nominal account?</p> <p>A. salaries account B. purchases account C. returns inwards account D. cash at bank account</p>

15-23	<p>On 1 January 2014, Mary started her business by depositing her own cash \$300 000 into the firm's bank account and introducing her motor van costing \$80 000 into the firm. In addition, the firm borrowed \$40 000 from Mary's friends to buy goods for the business. Total revenues and total expenditures of the firm for the year ended 31 December 2014 amounted to \$120 000 and \$45 000 respectively.</p> <p>What is the amount of Mary's capital as at 31 December 2014?</p> <p>A. \$305 000 B. \$335 000 C. \$455 000 D. \$485 000</p>										
18-17	<p>The following information relates to Mr Chan's firm in 2017:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Capital, as at 1 January 2017</td> <td style="text-align: right;">443 800</td> </tr> <tr> <td>Capital, as at 31 December 2017</td> <td style="text-align: right;">425 000</td> </tr> <tr> <td>Total revenue for the year 2017</td> <td style="text-align: right;">97 000</td> </tr> <tr> <td>Total expenses for the year 2017</td> <td style="text-align: right;">108 500</td> </tr> </table> <p>Based on the above information, Mr Chan _____ the firm during the year 2017.</p> <p>A. withdrew \$7 300 from B. withdrew \$30 300 from C. introduced \$7 300 into D. introduced \$30 300 into</p>		\$	Capital, as at 1 January 2017	443 800	Capital, as at 31 December 2017	425 000	Total revenue for the year 2017	97 000	Total expenses for the year 2017	108 500
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15-15	<p>Investors will use the accounting information provided in financial statements to evaluate _____.</p> <p>(1) whether it is worth investing in the business (2) whether the organisational structure of the business is appropriate (3) whether the business has adequate capital to carry out its projects</p> <p>A. (1) and (2) only B. (1) and (3) only C. (2) and (3) only D. (1), (2) and (3)</p>										
14-20	<p>_____ are external users of financial statements who focus on the liquidity and solvency of the firm.</p> <p>A. Managers B. Customers C. Competitors D. Lenders</p>										
17-15	<p>Which of the following is not a use of financial statements?</p> <p>A. assist different users in making decisions B. provide information about the financial position of a business C. provide information to employees for assessing their job security D. provide qualitative information regarding the performance of a business</p>										

12-25	<p>Which of the following are uses of a company's financial statements to the respective users?</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left; width: 35%;"><u>Users</u></th> <th style="text-align: left;"><u>Uses</u></th> </tr> </thead> <tbody> <tr> <td>(1) Managers</td> <td>help to reallocate the resources of the firm</td> </tr> <tr> <td>(2) Debtors</td> <td>help to assess the repayment ability of the firm</td> </tr> <tr> <td>(3) Potential investors</td> <td>help to decide whether the firm is worth investing in</td> </tr> </tbody> </table> <p>A. (1) and (2) only B. (1) and (3) only C. (2) and (3) only D. (1), (2) and (3)</p>	<u>Users</u>	<u>Uses</u>	(1) Managers	help to reallocate the resources of the firm	(2) Debtors	help to assess the repayment ability of the firm	(3) Potential investors	help to decide whether the firm is worth investing in		
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18-10	<p>Which of the following is/are the example(s) of a real account?</p> <p>(1) Sales account (2) Bank loan account (3) Equipment account</p> <p>A. (1) only B. (2) only C. (3) only D. (2) and (3) only</p>										
19-14	<p>For a sole proprietorship selling office equipment, which of the following about its statement of financial position is correct?</p> <p>A. Office equipment held for sale should be classified as a current asset. B. The statement shows details of the transactions made during the year. C. The statement shows the balances of the nominal accounts and real accounts of the firm. D. Working capital is the difference between non-current assets and non-current liabilities.</p>										