



Accounting challenge x 50Q

Secondary School Group Round 3

Congratulations to the following three winners who submitted the greatest number of correct answers:

(in alphabetical order)

Name	HKID No. (only 3 digits shown)	Institute Name
Au Elaine	Y 211xxx (x)	Kiangsu-Chekiang College (Shatin)
Ho Sze Man	Y 183xxx (x)	Po Kok Secondary School
Lam Kwun Man	Y 329xxx (x)	Buddhist Yip Kei Nam Memorial College

* Winners will be notified individually of prize collection details.

The Round 3 questions and answers are:

1 Question : How many years' full-time relevant accounting practical experience are required for those seeking the HKIAAT associate membership?

Answer : (A) One year

2 Question : Which of the followings is/are the learning and teaching activity(ies) for the Applied Learning course Practical Accounting for SMEs?

- I. MYOB workshops
- II. Project and presentation
- III. Site visit to real workplace
- IV. Competition

Answer : (D) All of the above



3 Question : The following information is for Island Company at the year end of 31 December 2009:

	\$
Inventory at 31 December 2009	11,500
Land	75,000
Bank loan (repayable in 2010)	11,500
Net loss for the year	15,600
Accounts payable	5,000
Mortgage loan (repayable in 2014)	60,000
Buildings	10,000
Introduction of capital during 2009	20,000
Cash	1,000
Rent receivable	1,700
Electricity payable	2,500
Accounts receivable	6,000
Drawings	6,400
Inventory at 1 January 2009	11,000
Motor vans	8,000
Capital as at 1 January 2009	36,200

The amount of net current assets at the year end is:

Answer : (B) \$1,200

4 Question : Based on the data in Question 3, what is the firm's closing capital for the year?

Answer : (B) \$34,200

5 Question : An old van that was acquired one year ago with a current net book value of \$10,800 was sold for \$7,000. It is the company's policy to depreciate motor vans at 25% p.a. using the reducing balance method. However, a junior accounting clerk mistakenly provided for depreciation at 20% p.a. using the straight line method for the current year. In addition, the sales proceeds were entered in the cash book but no other entries made. What is the overall adjustment needed to correct the draft net profit?

Answer : (C) Net profit should be decreased by \$4,050

6 Question : Prime costs include:

Answer : (C) carriage inwards on materials purchased

7 Question : You are currently employed as a branch manager of the HBSC Group, and you want to become a boss. In considering whether or not to start your own business, your current salary level would be:

Answer : (D) an opportunity cost



8 Question : A company's breakeven point is 500 units per month. The selling price is \$90 per unit. All costs are divided into either production overhead costs or selling overhead costs. The unit variable and unit fixed production overhead cost are \$10 and \$20 respectively. The variable selling overhead cost is \$25 per unit. What are the company's annual fixed selling overhead costs?

Answer : (C) \$210,000

9 Question : A company made 35,000 units at a total cost of \$32 each. Three quarters of the costs were variable and one quarter fixed. 30,000 units were sold at \$50 each. There was no opening stock. By how much will the profit calculated using absorption costing principles differ from the profit calculated using marginal costing principles?:

Answer : (B) The absorption costing profit would be \$20,000 greater

10 Question : Standard costing provides which of the following?
I. Performance targets and measures
II. Information for budgeting
III. Simplification of stock control systems
IV. Actual future costs

Answer : (A) I, II and III only