



Accounting challenge x 50Q

Tertiary Institute 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
Fung Wing Yan	Y 028xxx (x)	Hong Kong Community College
Lee Chi Ming	Z 905xxx (x)	Hong Kong Community College
Yeung Yuk Man	Y 066xxx (x)	Community College of City University

* Winners will be notified individually of prize collection details.

The Round 3 questions and answers are:

1 Question : Under the Reciprocal Membership Agreement, which of the following bodies can members of the HKIAAT apply for membership of?
I. UKAAT
II. AAT Australia

Answer : (C) All of the above

2 Question : HKIAAT members wishing to undertake the Hong Kong Institute of CPAs' Qualification Programme need to demonstrate that they have the additional competency requirements for entry into the programme. These additional competency requirements will be tested in the professional bridging examination (PBE) in the form of how many examination papers?

Answer : (A) 4 papers

3 Question : The issued capital of a company is:
I. always the same as the authorized capital
II. the same as preference share capital
III. equal to the reserves of the company

Answer : (D) None of the above

4 Question : Which of the following will NOT alter the total net assets of a business?

Answer : (C) Payments to trade creditors



5 Question : Alan's business had debtors of \$1,000 at 1 January 2009 and \$900 at 31 December 2009. Credit sales amounted to \$7,900 and cash received from debtors was \$7,700; a bad debt of \$100 was written off. How much discount was allowed to customers during the year?

Answer : (A) \$200

6 Question : Under HKAS2 "Inventories", which of the following is NOT an acceptable method of stock valuation?

Answer : (B) Last-In First-Out

7 Question : Which of the following is the correct accounting equation?

Answer : (B) Asset = Liability + Equity

8 Question : Which of the following expenses are included by an owner in connection with the purchase and maintenance of an immovable property and are NOT deductible?

- I. interest
- II. improvement and decoration
- III. rates paid by the owner
- IV. government rent

Answer : (C) I, II & IV only

9 Question : On 1 January 2009 T Co. had machinery on the books that originally cost \$200,000. During 2009, the following expenditures was made:

	\$
Minor repairs	5,000
Improvements	10,000
Additions	37,000

How much should be recorded in the machinery account on 31 December 2009?

Answer : (C) \$247,000

10 Question : KY Ltd started business on 1 November 2004 and prepared its first set of accounts to 30 April 2006. Its adjusted profit for the 18 months from 1 November 2004 to 30 April 2006 was \$420,000. KY Ltd purchased the following plant and machinery (AA: 30%):

Date	Amount \$
1 October 2004	180,000
31 January 2005	50,000
15 April 2005	40,000
31 October 2005	100,000

What is KY Ltd's assessable profit for the year of assessment 2006/07?

Answer : (A) \$130,920