



Accounting challenge x 50Q

Secondary School Group Round 2

Congratulations to the three winners who submitted the greatest number of correct answers! They are:

(in alphabetical order)

Name	HKID No. (only 3 digits shown)	Institute Name
Chan Chi Yuen	Y 206xxx (x)	Kiangsu-Chekiang College (Shatin)
Wong Sum Yi	Y 201xxx (x)	Lions College
Yip Tsz Chung	Y 284xxx (x)	St. Joseph's College

* Winners will be notified individually of prize collection details.

The Round 2 questions and answers are:

1 Question : What is the minimum age at which you can register as an HKIAAT student to take the AAT examinations?

Answer : (B) 16 years old

2 Question : In the Applied Learning Course "Practical Accounting for SMEs", which of the following contents are included in the application of the MYOB software?

- I. Business set up and accounting concepts for SMEs
- II. Transactions recording
- III. End-of-year adjustments and reports
- IV. Financial analysis

Answer : (D) I, II, III & IV

3 Question : On 1 July the debit balance on a sales ledger control account was \$56,000. During the month of July, sales invoices sent to customers totaled \$160,000, and \$172,000 was received from debtors. In addition, \$1,020 was received in respect of a debt which had been written off as bad in the previous month. The balance on the sales ledger control account at July 31 was:

Answer : (B) \$44,000



4 Question : Lau, Kwan and Cheung were in partnership sharing profits and losses in the ratio of 3:2:1. Cheung retired and Lau and Kwan remained partners, sharing profits equally. Goodwill was valued at \$300,000 but no goodwill account was to be kept in the books. The entries in the firm's books to record the adjustments for goodwill will be:

Answer : (C) Debit Kwan's capital account with \$50,000 and credit Cheung's capital account with \$50,000.

5 Question : On 1 January 2008 Mr. Poon paid an insurance premium of \$125,000 for the 15 months to 31 March 2009. When he prepared his profit and loss account for the year ended 31 December 2008, Mr. Poon debited only \$100,000 of the insurance premium to the account and carried the balance of \$25,000 forward to 2009. This was an example of the concept of:

Answer : (B) accrual

6 Question : A company purchased 100 kilos of raw materials for \$400,000 on 3 March, another 40 kilos for \$180,000 on 15 March and a further 70 kilos for \$350,000 on 27 March. A total of 20 kilos were used on 12 March and another 60 kilos on 24 March. The inventory of raw materials at the end of the month, valued on the FIFO basis, was:

Answer : (B) 610,000

7 Question : A company makes four products which all require the same material. The material is in short supply and the company cannot purchase enough of it to meet its budgeted production for each product. In order to maximize profit, the products should be ranked in order of their:

Answer : (B) contribution per unit of the scarce material

8 Question : The budgeted sales revenue for five months to May is as follows:

January	February	March	April	May
\$500,000	\$700,000	\$800,000	\$1,200,000	\$900,000

The cost of materials is 60% of sales. Materials are purchased one month before they are processed and finished goods are sold two months after production. One half of raw materials are paid for in the month of purchase; the remainder in the following months. Payments to suppliers in February will be:

Answer : (D) 630,000

9 Question : Non-profit making organizations should treat life membership subscriptions received as:

Answer : (B) deferred income

10 Question : A trial balance will fail to agree if:

Answer : (C) a sales invoice for \$6,000 entered in the sales day book has not been included in the monthly total