



Accounting challenge x 50Q

Tertiary Institute 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
Fong Oi Yan	Y 095xxx (x)	Hong Kong School of Commerce
Ko Hiu Kwan	Y 140xxx (x)	Hong Kong Institute of Vocational Education (Kwai Chung)
Leung Man Kin	Z 762xxx (x)	The Open University of Hong Kong

* Winners will be notified individually of prize collection details.

The Round 2 questions and answers are:

- 1 Question** : How many papers does the AAT examination consist of?
Answer : (B) 8 papers
- 2 Question** : Under the HKIAAT's New Qualification Framework (NQF), what is the greatest number of papers that graduates of accredited programmes offered by educational institutions can be exempt from on a subject-by-subject basis, effective from intakes during the 2009/2010 academic year?
Answer : (D) 7 papers
- 3 Question** : Under the NQF, the AAT qualification is recognized by the Civil Service Bureau for its appointments. For which of the following grades may AAT graduates be considered as having the relevant accounting knowledge?
I. Examiner of Audit Commission
II. Tax Inspector II of Inland Revenue Department
III. Assistant Taxation Officer of Inland Revenue Department
IV. Insolvency Officer II of Official Receiver's Office
Answer : (B) II & III
- 4 Question** : In Hong Kong, the profits tax is charged on trading profits where _____.
Answer : (D) the source of profits is in Hong Kong



5 Question : Mr. Wong wants to open a café in two months' time. He has rented a place and signed a two-year rental contract with a monthly rent of \$50,000. He is now doing a five-year budgetary plan for his café business. The rental cost should be categorized as _____ in the plan.

Answer : (A) variable costs

6 Question : John and Mary, having shared profits and losses equally for some time, admitted Peter to their partnership on 1 January 2004. The profit-sharing ratio was now to be:

<i>John</i>	<i>3/6</i>
<i>Mary</i>	<i>2/6</i>
<i>Peter</i>	<i>1/6</i>

Peter paid \$2,000 as his initial capital introduction. The goodwill of the firm, which was not to appear on the balance sheet, was valued at \$6,000. Adjustment for the value of goodwill is made in the partners' capital accounts. What is the balance on Peter's capital account after the entries for this admission have been made?

Answer : (C) \$1,000 credit

7 Question : Which one of the following is NOT an intangible asset?

Answer : (C) Accounts receivable

8 Question : Which of the following errors would NOT be reflected by the preparation of a trial balance?

Answer : (D) None of the journal entries recorded on the last day of the year have been posted to the ledger

9 Question : ABC Ltd. is a medium sized manufacturing company in Hong Kong. It produces micro chips to be used in computers, and the manufacturing process requires special technology developed in the US. ABC Ltd. is currently paying royalties to the US company which owns the technology. The royalty payment should be categorized as:

Answer : (A) direct expenses

10 Question : CVP Limited manufactures and sells a single product. Sales demand for the product in the coming period is estimated to be 80,000 units. The unit selling price is \$50 and the unit costs for the product are as follows:

	\$
<i>Direct material cost</i>	<i>15</i>
<i>Direct labour cost</i>	<i>7</i>
<i>Variable overhead</i>	<i>13</i>
<i>Fixed overhead</i>	<i><u>6</u></i>
	<i><u>41</u></i>

What are the product's contribution margin ratio and the expected profit for the coming period?

Answer : (B) Contribution margin ratio is 30% and expected profit is \$720,000