



Accounting challenge x 50Q

Secondary School Group Round 4

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
Chan Chi Yuen	Y 206xxx (x)	Kiangsu-Chekiang College (Shatin)
Chan Yin Man	Y 193xxx (x)	Kiangsu-Chekiang College (Shatin)
Lam Kwun Man	Y 329xxx (x)	Buddhist Yip Kei Nam Memorial College

* Winners will be notified individually of prize collection details.

The Round 4 questions and answers are:

1 Question : A student should complete the eight papers of the Accredited Accounting Technician (AAT) Examination together with the Professional Assessment within a "certain period" from the date of his/her first registration as a student. How long is the "certain period"?

Answer : (D) Ten years

2 Question : From which paper of the AAT Examination are graduates of the Applied Learning course "Practical Accounting for SMEs" eligible to claim an exemption?

Answer : (A) Paper 1 – Fundamentals of Accounting and Computerized Accounts

3 Question : Chan and Lee are partners in a partnership sharing profits and losses in the ratio 3:2. For the year ended 31 December 2009 the net profit was \$300,000. Other information for that year is as follows:

	Chan	Lee
	\$	\$
Interest on drawings	3,000	4,000
Interest on capital	12,000	8,000
Salary	---	40,000

How much was the profit for Chan and Lee respectively?

Answer : (B) Chan \$148,200, Lee \$98,800



4 Question : The following is the information at the year-end date 31st December 2009 for Happy Mountain Company:

	\$
Gross profit	77,000
Discounts allowed	970
Discounts received	680
Carriage outwards	560
Carriage inwards	340
Drawings	1,200
Salaries	7,900
Bank overdraft	5,000
Overdraft interest	450
Donation to charity	830
Stationery	900
Stationery stock	110

The net profit is:

Answer : (D) \$66,070

5 Question : If sales revenue is \$30,000 above budget, material cost is \$40,000 below budget, direct wages are \$10,000 above budget, and production overheads \$20,000 above budget, net profit will be:

Answer : (D) \$40,000 more than budget

6 Question : Extract of receipts and payments accounts:

	2009	2008
<u>Receipts</u>	\$	\$
Subscriptions for 2008	9 500	46 000
Subscriptions for 2009	52 000	4 700
Subscriptions for 2010	4 400	2 000

Additional information:

All 2008 subscriptions have now been collected, with the exception of \$200 from M.Lung, which is to be written off in the 2009 accounts. Subscriptions of \$8,200 for 2009 remained unpaid at the balance sheet date. What is the amount of subscription revenue for the year 2008?

Answer : (B) \$55,700

7 Question : The total from the sales day book for December 2009 was \$91,600. It had been entered in the sales account as \$96,100. The error should be corrected by:

Answer : (C) debiting the sales account and crediting the suspense account with \$4,500



8 Question : Your company's bank statement at 31 January 2010 shows a balance of \$13,400. You subsequently discover that the bank has disallowed a customer's cheque for \$300 and has charged bank charges of \$50, neither of which is recorded in your cash book. There are unpresented cheques totaling \$1,400. You further discover that an automatic receipt from a customer of \$195 has been recorded as a credit in your cash book. Your cash book balance, prior to correcting the errors and omissions, was:

Answer : (B) \$11,960

9 Question : A material passes through two processes in the course of production. At the start of a month there was no opening stock of material in either process. During the month the cost of material input to Process 1 was \$16,000 and the labour cost was \$40,000. Overhead absorbed on Process 1 during the month totaled \$24,000. Work in progress at the end of the month was valued at \$4,000. The material input to Process 2 from Process 1 during the month was valued at:

Answer : (C) \$76,000

10 Question : A company manufactures four products, W, X, Y and Z. The relevant unit cost is as follows:

	W	X	Y	Z
	\$	\$	\$	\$
Variable production cost	170	130	150	120
Fixed production cost	<u>80</u>	<u>90</u>	<u>60</u>	<u>100</u>
Total production costs	250	220	210	220
Variable non-production cost	20	30	10	10
Fixed non-production cost	<u>40</u>	<u>20</u>	<u>30</u>	<u>20</u>
Total costs	<u>310</u>	<u>270</u>	<u>250</u>	<u>250</u>
The prices at which the products can be obtained from other suppliers are	200	150	140	240

Which of the products should not be produced but should be bought from other suppliers in order to maximize the company's profit?

Answer : (C) Product Y