



# Saint Theresa College

PARVA PARVORUM PULCHRA

## MRIEHEL SENIOR SCHOOL HALF-YEARLY EXAMINATIONS 2016/2017



Track 3

FORM: 4

**ACCOUNTING**

Time: 2 hrs

Name: \_\_\_\_\_

Class: \_\_\_\_\_

**ANSWER ALL QUESTIONS.**

**Section A:** Multiple Choice Questions. Tick the correct answer by a **v**.  
(2 marks x 10 questions = 20 marks)

1. Glee Company Limited's Cash Book showed a balance of €2,910 as at 31<sup>st</sup> December 2016. It discovered that at the same date it had €730 unrepresented cheques and €560 cheques received and paid into the bank, but not yet entered on the Bank Statement. The Balance as per Bank Statement as at 31<sup>st</sup> December 2016 should read:

- (a) €3,080.  
(b) €2,740.  
(c) €1,620.

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2. A cheque received by a business from a customer for which, at a later date, the customer's bank will not pay the amount due on the cheque is said to have become:

- (a) A post-dated cheque.  
(b) A dishonoured cheque.  
(c) Stale.

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3. The Cash Book of A. Parkinson shows a bank debit balance of €6,800 as at 31<sup>st</sup> December 2015. The Bank Statement for A. Parkinson's Bank Account shows a balance of €9,000 CR as at the same date. The Bank Balance to be included in A. Parkinson's Statement of Financial Position as at 31<sup>st</sup> December 2015 should be:

- (a) €9,000.  
(b) €2,200.  
(c) €6,800.

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4. At the end of 31<sup>st</sup> December 2015, the debtors of a business amounted to €85,000. This figure includes the debts of R. Debono and C. Micallef, €480 and €6,300 respectively. Both amounts have been declared as Irrecoverable Debts at the end of 2015. If the Allowance for Doubtful Debts is calculated at 10%, the Allowance for the year ended 31<sup>st</sup> December 2015 should read:
- (a) €7,822. ☐
- (b) €6,780. ☐
- (c) €8,500. ☐
5. The Allowance for Doubtful Debts for A. Cauchi Enterprises for the years ending 30<sup>th</sup> June 2015 and 2016 are €120 and €140 respectively. The Allowance for Doubtful Debts included in A. Cauchi's Income Statement for the year ending 30<sup>th</sup> June 2016 was of:
- (a) €140 as an expense. ☐
- (b) €120 as an expense. ☐
- (c) €20 as an expense. ☐
6. A balance of €9,356 is shown at 1<sup>st</sup> September 2015 in the Allowance for Doubtful Debts Account of Farrugia Enterprises, whilst a balance of €10,000 is shown in the same account as at 31<sup>st</sup> August 2016. The €9,356 balance should have been show:
- (a) As an expense in the Income Statement for the year ending 31<sup>st</sup> August 2015. ☐
- (b) As a deduction from Trade Receivables in the Statement of Financial Position as at 31<sup>st</sup> August 2015. ☐
- (c) As an expense in the Income Statement for the year ending 31<sup>st</sup> August 2016. ☐
7. A printer costs €800. It will be kept for 5 years and sold for €100. The Allowance for Depreciation to be charged in the Income Statement each year should be:
- (a) €140. ☐
- (b) €800. ☐
- (c) €100. ☐
8. A car bought in January 2014 costed A. Gill €8,000. By the end of December 2016, the allowance for depreciation on this car amounted to €2,000. On 1<sup>st</sup> January 2017, the car was sold for €4,000. A. Gill has:
- (a) Earned a profit on disposal of €2,000. ☐
- (b) Lost €2,000 upon the disposal of the car. ☐
- (c) Earned a profit on disposal of €4,000. ☐

9. A 5% allowance for depreciation on the cost of machinery is charged each year in the Income Statement. If the machinery has been bought on 1<sup>st</sup> January 2010 for €10,000, then by the end of 31<sup>st</sup> December 2016, the machinery had a Net Book Value of:

- (a) €3,000.
- (b) €10,000.
- (c) €7,000.

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10. If a €500 loss was registered on the disposal of a non-current asset at 31<sup>st</sup> May 2016 which had a Net Book Value of €800 at the same date, then it was sold for the price of:

- (a) €1,300.
- (b) €300.
- (c) €500.

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**Section B:** Match Part A with Part B by writing the corresponding number in the column in front of Part B.

*(1 mark x 10 parts = 10 marks)*

No.	Part A		Part B
1	A bank overdraft		calculates an equal annual Allowance for Depreciation throughout the lifetime of a non-current asset.
2	The Straight Line Method		is considered as an expense in the Income Statement of a Business.
3	A post-dated cheque		re amounts entered in the Cash Book but not yet shown on the Bank Statement.
4	An increase in the Allowance for Doubtful Debts		will start with the Cash Book Balance and then reconciled with the Bank Statement balance.
5	The account of a debtor		is found by deducting the accumulated depreciation on a non-current asset from its original cost.
6	A direct debit		should be recorded on the credit side of a business' Cash Book.
7	A bank lodgement not yet credited		is reinstated ( <i>re-opened</i> ) in the event of an Irrecoverable Debt Recovered.
8	The Net Book Value of a Non-Current Asset		is shown by a credit balance in the Cash Book.
9	A credit transfer by a business		gives permission to a business to obtain money directly from its customer's bank account.
10	The Bank Reconciliation Statement		will be returned by the bank if it is presented for payment before the date appearing thereon.

**Section C:** Fill in the missing information after reading the information about each of the five cars owned by John's Garage. Kindly show your workings on page 5 of the Examination Paper.

(10 x 2 marks each = 20 marks)



**Car A** costing  
€15,000.

Bought in January 2010.  
10% Allowance for  
Depreciation on cost.

Its Net Book Value at 31<sup>st</sup>  
December 2016 is of  
€ \_\_\_\_\_.



**Car B** costing  
€18,000.

Net Book Value of €14,500 at  
1<sup>st</sup> January 2016.  
6% Allowance for  
Depreciation with Reducing  
Balance Method.

Net Book Value of € \_\_\_\_\_  
at 1<sup>st</sup> January 2017.  
Loss on disposal of  
€ \_\_\_\_\_ if sold for €12,630.



**Car C** costing  
€15,000.

Net Book Value of €8,000 as  
at 31<sup>st</sup> December 2016.  
Bought on 1<sup>st</sup> January 2010.  
The Straight Line method is  
used for calculating  
Depreciation.

€ \_\_\_\_\_ Allowance for  
Depreciation must be charged  
in the Income Statement for  
the year ending 31<sup>st</sup>  
December 2017.



**Car D** costing  
€25,000.

Net Book Value of €20,000  
as at 31<sup>st</sup> December 2014.  
5% Reducing Balance  
Method is used as a method  
for calculating Depreciation.

€ \_\_\_\_\_ is the Allowance  
for Depreciation for 2015 and  
€ \_\_\_\_\_ for 2016. The total  
accumulated depreciation as  
at 31<sup>st</sup> December 2015 is of  
€ \_\_\_\_\_.



**Car E** costing  
€30,000.

Sold for €25,000 on 31<sup>st</sup>  
December 2016. A profit on  
disposal was registered of  
€1,000.  
Each year this car was  
depreciated with €1,000, even  
in its year of disposal.

The car was bought on 1<sup>st</sup>  
January \_\_\_\_\_. The total  
accumulated depreciation till  
31<sup>st</sup> December 2016 was of  
€ \_\_\_\_\_ whilst its Net  
Book Value at the same date  
was of € \_\_\_\_\_.

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**Section D:**

Jeff White was a transport provider, whose main assets were motor vans.

On 1<sup>st</sup> January 2009, start of the financial year, the cost of his motor vans was of €50,000 and the Allowance for depreciation as at the same date was of €15,000.

On 1<sup>st</sup> April 2009, he bought a motor-van costing €8,000. On the same date he sold a motor-van, originally bought in 2007 at the cost of €10,000 for €7,500 cash. The rate of depreciation used is of 20% per annum using the Reducing Balance Method. A full year's depreciation is charged in the year of purchase and none is charged in the year of disposal.

Required:

- a) Motor-Van Account for 2009. Balance off at the end of the year. (4 marks)

		Motor-Vehicle A/c			
2009	Details	€	2009	Details	€

- b) The Allowance for Depreciation for the Motor-Vans for 2009. Balance off. (8 marks)

		Allowance for Depreciation A/c			
2009	Details	€	2009	Details	€

c) The Motor-Van Disposal Account (4 marks)

		Motor-Van Disposal A/c			
2009	Details	€	2009	Details	€

d) A Statement of the Financial Position of a Business (Extract) as at 31<sup>st</sup> December 2009. (4 marks)

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### **Section E:**

The following is an extract of the Statement of the Financial Position of Sue Harrington as at 31<sup>st</sup> December 2015:

<b><u>Currents Assets</u></b>	€	€
Closing Stock		15,000
Trade Receivables	45,000	
Less: Allowance for Doubtful Debts	1,500	43,500

During the year 2016, Irrecoverable Debts written off amounted to €1,300. Trade Receivables (*excluding Irrecoverable Debts*) at the end of 2016 were €38,000, and the allowance for doubtful debts is calculated at 5% of total remaining debtors.

Required:

- a) Irrecoverable Debts Account for the year ending 31<sup>st</sup> December 2016. (4 marks)

		Irrecoverable Debts A/c			
2016	Details	€	2016	Details	€

- b) Allowance for Irrecoverable Debts Account for the year ending 31<sup>st</sup> December 2016. (8 marks)

		Allowance for Irrecoverable Debts A/c			
2016	Details	€	2016	Details	€



- c) An extract from the Income Statement for the year ending 31<sup>st</sup> December 2016.  
(3 marks)

	€	€
Gross Profit		xxx
<u>Less: Expenses</u>		

- d) An extract from the Statement of the Financial Position as at 31<sup>st</sup> December 2016.  
(3 marks)

<u>Currents Assets</u>	€	€
Closing Stock		xxx
Trade Receivables		
<u>Less: Allowance for Doubtful Debts</u>		

- e) On 1<sup>st</sup> February 2017, D. Magro paid his balance of €800 in cash, which balance was declared as Irrecoverable during 2016. What are the two double – entries that need to be recorded in the accounts? (2 marks)

DR - \_\_\_\_\_ with € \_\_\_\_\_

CR - \_\_\_\_\_ with € \_\_\_\_\_

DR - \_\_\_\_\_ with € \_\_\_\_\_

CR - \_\_\_\_\_ with € \_\_\_\_\_

## Section F:

The following are the extracts from the Cash Book and the Bank Statement of A. Vella's Bakery Shop

You are required to:

- Write the Cash Book up to date and state the new balance as at 31<sup>st</sup> December 2015. (5 marks)
- Draw up a Bank Reconciliation Statement as at 31<sup>st</sup> December 2015. (5 marks)



		Cash Book			
2015		€	2015		€
Dec 01	Balance b/d	3,419	Dec 08	C. Camilleri	462
Dec 07	C. Gauci	101	Dec 15	V. Galea	21
Dec 22	F. Borg	44	Dec 28	K. Scerri	209
Dec 31	S. Grima	319	Dec 31	Balance c/d	3,437
Dec 31	D. Cauchi	246			
		4,129			4,129

### Bank Statement for the month of December 2015

2015	Details	Debit	Credit	Balance
		€	€	€
Dec 01	Balance b/d			3,419
Dec 07	Cheque		101	3,520
Dec 11	C. Camilleri	462		3,058
Dec 20	V. Galea	21		3,037
Dec 22	Cheque		44	3,081
Dec 31	Credit Transfer: M. Aquilina		93	3,174
Dec 31	Bank Charges	47		3,127

(a)

		Cash Book			
2015		€	2015		€

(b)

Bank Reconciliation Statement as at 31 <sup>st</sup> December 2015	
	€
Balance as per Cash Book	
<i>add:</i> Unpresented Cheques	
<i>less:</i> Bank Lodgements not yet credited	

For examiner's use only:

SECTION	A	B	C	D	E	F	TOTAL
RESULT							
OUT OF	20	10	20	20	20	10	100

