



S A A GLOBAL EDUCATION

Mock Examination : **ACCA Paper F3**
Financial Accounting

Session : June 2013

Set by : Mr Ben Lee

Your Lecturer

☐ Mr Ben Lee

☐ Mr Edgar Wong

Your Mailing Address : _____

Your Contact Number : _____

I wish to have my script marked by my lecturer and

- ☐ collect the marked script at the SAA - GE Reception Counter
- ☐ have the marked script returned to me by mail

(Please submit your script latest by **13th May 2013** for marking)

SAA GLOBAL EDUCATION CENTRE PTE LTD

Company Registration No. 201001206N

20 Aljunied Road, #01-04, CPA House,

Singapore 389805

Tel: (65) 6744 9700 Fax: (65) 6744 9796

Website: www.saage.edu.sg Email: acca@saage.edu.sg

The Education Arm
of



SAA-GE Jun 2013

ACCA F3 Mock Test

Prepared by Ben Lee

Question 1

Fricker Co's financial records reveal the following at 31 December 2012.

Net Sales for 2012	\$90,000
Cost of Goods Sold for 2012	60,000
Ending Inventory	12,500
Beginning Inventory	17,500

What was the number of days taken to turnover average inventory for 2012?

- a) 91
- b) 70
- c) 75
- d) 60 ()

Question 2

The following trial balance was provided:

Cash in hand	\$6,000
Debtor	\$14,000
Creditor	\$10,000
Machinery	\$15,000
Motor vehicle	\$5,000
Loan from bank	\$3,000
Capital	\$21,000

The missing item is the bank balance, the bank balance is

- a) \$6,000 overdraft
- b) \$6,000
- c) \$7,000
- d) \$7,000 overdraft ()

Question 3

Peter has opening capital of \$15,400 at 1 Jan 2012. He makes a profit of \$7,150 and takes out drawing of \$5,770 during the year. What is the closing capital at 31 Dec 2012.

- a) \$2,480
- b) \$16,780
- c) \$14,020
- d) \$28,320

()

Question 4

State which of the following is incorrect?

- 1. Immaterial item need to be separately disclosed in the financial statements
- 2. If there is a conflict between consistency and prudence, it is more important to be consistent.
- 3. Substance over form means that we should record the legal format of a transaction wherever legally possible.

- a) 1 and 2
- b) 1 and 3
- c) 2 and 3
- d) All are false

()

Question 5

State which of the following is true?

- 1. The accounting period concept encourages the closing of accounts at regular interval for comparison purposes
- 2. The concept of realization requires the recognition of unrealized losses once it can be anticipated.
- 3. Consistency discourage the change of accounting policy

- a) 1 and 2
- b) 1 and 3
- c) 2 and 3
- d) All are false

()

Question 6

The creditors account shows the following:

Creditors control account

Purchase return	2,000	Bal b/d	18,000
Bank	104,000	Purchase	120,000
Discount received	2,000		
Bal c/d	30,000		

The closing creditor turnover days is

- a) 48 days
 - b) 93 days
 - c) 67 days
 - d) 64 days
- ()

Question 7

ABC Ltd had a fire in the warehouse on 15 April 2010, leaving only \$5,000 of stock undamaged by the fire. During the period, the following information is available

Sales from 1 Jan to 15 Apr 2010	250,000
Purchases	173,000
Opening stock on 1 Jan 2010	45,000
Gross profit	20%

What is the value of stock lost in the fire?

- a) \$23,000
 - b) \$17,000
 - c) \$15,000
 - d) \$13,000
- ()

Question 8

On 1 January 2008 H acquired 60% of the share capital of S for \$180,000. At that date the share capital of S consisted of \$100,000. The reserves of H and S are stated below:

	At 1 January 2008	At 31 December 2011
	\$	\$
H	280,000	340,000
S	50,000	180,000

In the consolidated balance sheet of H and its subsidiary S, at 31 December 2011, what amount should appear for the non controlling interest in S?

- a) \$92,000
- b) \$280,000
- c) \$152,000
- d) \$112,000 ()

Question 9

At the beginning of the month, there was a bank balance of \$3,000; the following transactions were noted during the month:

Receipt from debtor	\$500
Credit sales	\$700
Cash sales	\$1,200
Payment of rental	\$300
Payment to creditors	\$900

What is the bank balance at the end of the month?

- a) \$3,300
- b) \$3,500
- c) \$3,600
- d) \$3,700 ()

Question 10

Jack paid \$300 to a creditor for purchases made, but the following entry was made:

Debit	Debtors	300	
Credit	Bank		300

What type of error is this?

- a) Error of principle
- b) Error of omission
- c) Error of commission
- d) Compensating error ()

Question 11

At the end of the financial year, Ben Ltd needs to write off a bad debt of \$3,000 and to decrease the provision for doubtful debts from \$1,200 to \$1,100.

The journal entries required are:

	Debit		Credit
a)	Provision for doubtful debts \$100	Debtor	\$3,100
	Bad debt \$3,000		
b)	Bad debts \$2,900	Debtor	\$3,000
	Provision for doubtful debts \$100		
c)	Debtor \$3,000	Bad debts	\$2,900
	Provision for doubtful debts \$100		
d)	Bad debts \$3,100	Debtors \$3,000	
		Provision for doubtful	
		Debts \$100	
		()	

Question 12

Fixed asset – Plant and machinery

1/1/02	Bal b/d	200,000	1/4/02	Disposal	50,000
1/10/02	Bank	120,000	31/12/02	Bal b/d	270,000
		<u>320,000</u>			<u>320,000</u>

The company charges depreciation at 10% per annum on straight line basis and according to the number of months in the year of acquisition and the year of disposal.

The depreciation charges for the year is

- a) \$15,000
- b) \$18,000
- c) \$21,000
- d) \$19,250 ()

Question 13

According to FRS 2, Inventories, which of the following lists consists only of items which may be included in stock valuation?

- a) Foreman's wages, carriage outwards, raw materials, depreciation of administration office equipment
- b) Raw materials, carriage inwards, plant depreciation and wages of production workers
- c) Plant depreciation, carriage inwards, raw materials, foreman's wages, cost of storage of finished goods
- d) Carriage outwards, raw materials, foreman's wages, plant depreciation

()

Question 14

The closing inventory of ABC Ltd amounted to \$100,000 including the following two inventory lines at cost:

- 1. 2,000 items which had cost \$5 each. All were sold after the balance sheet date for \$4.20 each, with selling expenses of \$400 for the batch.
- 2. 3,000 different items which had cost \$20 each. These items were found to be defective at the balance sheet date. Rectification work after the balance sheet amounted to \$2,200, after which they were sold for \$24 each, with selling expenses totaling \$3,000.

Which of the following total figures should appear in the balance sheet of ABC Ltd for inventory?

- a) \$95,300
- b) \$92,900
- c) \$98,900
- d) \$98,000

()

Question 15

Which of the following are examples of non-adjusting events, assuming that all do not cast doubt on the going concern of the company?

- I) Fraud discovered after year end
 - II) Robbery after year end
 - III) Issue of debenture
 - IV) Bankruptcy of a major debtor
- a) I and II
 - b) II and IV
 - c) III and IV
 - d) II and III

()

Question 16

ABC Ltd has its financial year ended on 31 Aug, pays its rental in arrear quarterly on 31 January, 30 April, 31 July and 31 October.

The annual premium was increased from \$24,000 to \$30,000 on 1 February 2012.

Which of the following amounts is the correct charge for rental in the income statement and balance sheet for the year ended 31 Aug 2012?

	Profit and loss	Balance sheet
a)	\$27,500	\$2,500 accrual
b)	\$27,500	\$5,000 prepayment
c)	\$28,000	\$2,500 prepayment
d)	\$27,000	\$5,000 accrual

()

Question 17

Which of the following does not require adjustment to the cashbook?

1. Unpresented cheques
2. Dishonoured cheque from a customer.
3. Standing order
4. An error by the bank.
5. Bank charges and interest
6. Uncredited cheques.

- a) 2, 3, 4 and 6
b) 1, 2, 5 and 6
c) 1, 4 and 6
d) 1, 3 and 5
- ()

Question 18

Which of the following items are likely to be paid out of petty cash?

- (i) Payment to a window cleaner of \$30
- (ii) Purchase of refreshments of \$20
- (iii) Payment of \$17 for an office cleaner
- (iv) The payment of \$20 for petrol to a salesman

- a) (i) and (ii)
b) (i), (ii) and (iii)
c) All of the above
d) None of the above.
- ()

Question 19

At 1 January 2012 the capital structure of ABC, a limited liability company, was as follows:

	\$
Issued share capital 1,500,000 ordinary shares of 20c each	300,000
Share premium account	200,000

On 1 Feb 2012 the company made an issue of 200,000 shares at \$0.70 each, and on 1 July the company made a bonus issue of one share for every five in issue at the time, using the share premium account for the purpose.

Which of the following correctly states the company's share capital and share premium account at 31 December 2012?

	Share capital	Share premium account
a)	\$400,000	\$230,000
b)	\$475,000	\$285,000
c)	\$450,000	\$310,000
d)	\$408,000	\$232,000

Question 20

The trial balance of C, a limited liability company, did not agree, and a suspense account was opened for the differences. Checking in the bookkeeping system revealed a number of errors.

- 1 \$300 paid for telephone expenses was correctly treated in the cash book but was debited to electricity account
- 2 \$300 paid to C, a creditor, was credited in error to the account of CC
- 3 \$500 paid for salary was debited to the salary account as \$900
- 4 The total of the discount received column in the cash book had been credited in error to the discounts allowed account

Which of the errors above would require an entry to the suspense account as part of the process of correcting them?

- a) 1 and 4
- b) 1 and 3
- c) 2 and 4
- d) 2 and 3

Question 21

At 1 Jan 2012, the accrual on rental account is \$400, during the year, rental of \$15,000 is paid and the prepayment as at the end of the year is \$500, what is the rental expense?

- a) \$15,100
- b) \$14,900
- c) \$15,900
- d) \$14,100 ()

Question 22

A delivery van is bought at \$35,000, with insurance of \$1,000 and road tax of \$500, a canopy is also added at a cost of \$800.

What is the accounting entry for the payment of \$37,300?

	Debit	Credit
a) Delivery van	37,300	
Bank		37,300
b) Delivery van	36,800	
Expenses	500	
Bank		37,300
c) Delivery Van	35,800	
Expenses	1,500	
Bank		37,300
d) Delivery van		37,300
Bank	37,300	
		()

Question 23

On 1 January 2008 H acquired 80% of the share capital of S for \$160,000. At that date the share capital of S consisted of 100,000 ordinary shares of \$1 each and its reserves totalled \$40,000.

Goodwill of acquisition of subsidiaries is impaired on the straight line basis over five years.

In the consolidated balance sheet of H and its subsidiary S at 31 December 2010 the amount appearing for goodwill should be:

- a) \$28,800
- b) \$19,200
- c) \$16,000
- d) \$4,000 ()

Question 24

The trial balance of ABC Ltd failed to agree, the totals being:

Debit	\$779,000
Credit	\$781,000

A suspense account was opened for the difference, and the following errors were found:

1. The purchase of material was correctly debited to the purchase account as \$18,000 but was credited to creditor account at \$17,000.
2. The credit balance of \$6,000 share premium account had been omitted from the trial balance.
3. Salary paid of \$3,000 had been correctly entered in the cash book but credited to rent payable account.

What should the suspense account balance be after all these errors have been corrected?

- a) \$3,000 Debit
- b) \$8,000 Credit
- c) \$5,000 Debit
- d) \$4,000 Credit

()

Question 25

Daniel purchased a motor vehicle on 1 Jul 2008 for \$20,000. He depreciate it using the 20% reducing balance method.

Daniel's policy is to charge full year depreciation on the first year

What should the depreciation to be charged and the balance sheet balance as at 31 Dec 2010?

	Expenses	Balance sheet
a)	\$4,000	\$8,000
b)	\$3,200	\$9,600
c)	\$2,560	\$10,240
d)	\$2,560	\$11,200

()

Question 26

The table shows details of factory warehouse that had been depreciated

Warehouse at Cost	\$100,000
Accumulated depreciation	\$27,000

The property is to be shown in the Balance Sheet at its current valuation of \$90,000.

Which entries are to be made in the ledger?

	Debit		Credit	
a)	Accumulated depreciation	27,000	Profit and loss A/C	27,000
b)	Warehouse	10,000	Revaluation reserve	37,000
	Provision for depreciation	27,000		
c)	Provision for depreciation	27,000	Warehouse	10,000
			Revaluation reserve	17,000
d)	Land	17,000	Revaluation	17,000
			()

Question 27

Which of these accounting policies, if adopted, would contravene Financial Reporting Standard?

- 1 Inherent goodwill is capitalized in the balance sheet
- 2 Purchased goodwill is not amortised
- 3 Research expenditure is capitalised and amortised over its estimated useful life.

- a) 1 and 2
b) 1 and 3
c) 2 and 3
d) 1, 2 and 3 ()

Question 28

An earthquake destroyed some of the stock of ABC Ltd, a stock-take revealed that the undamaged stock as at 31 July 2011 was \$32,000. The following information is available:

Sales in the month	\$205,000
Opening stock at 1 July 2011	\$70,000
Purchases during the month	\$150,000
Sales return	\$5,000
Standard gross profit percentage on all sales revenue	20%

Based on this information, which of the following figures is the amount of stock destroyed?

- a) \$28,000
- b) \$38,000
- c) \$33,000
- d) \$29,000 ()

Question 29

Which of the followings are not conditions necessary for the capitalization of development cost?

- I) The development project must be in line with the corporate objective
 - II) It must be commercially and technically viable
 - III) It must be able to generate more future cost than revenue
 - IV) Expenditure on development equipment must be capitalized under development cost
- a) I and III
 - b) III and IV
 - c) I only
 - d) II and IV ()

Question 30

In accordance to FRS37, Which of the following should not be recognized in the financial statement?

- a) A virtually certain contingent asset
- b) A virtually certain contingent liability
- c) A probable certain contingent asset
- d) A probable certain contingent liability ()

Question 31

Which of the following need to be adjusted in the cashbook?

- I) Balance as per the bank statement
 - II) Mistake by the bank
 - III) Standing order to pay a supplier
 - IV) Bank charges
 - V) Unpresented cheques
 - VI) Uncredited cheques
- a) I and IV
 - b) III and IV
 - c) II and IV
 - d) I and VI
- ()

Question 32

Ben operates a business buying on credit and selling in cash, which of the following books of prime entry are not required?

- I) Cashbook
 - II) Sales daybook
 - III) Purchase daybook
 - IV) Sales return daybook
 - V) Purchase return daybook
 - VI) Petty cashbook
- a) I, II, III, and IV
 - b) II, III, IV and V
 - c) II and VI
 - d) I and III
- ()

Question 33

State which of the following is true?

1. The accounting period concept encourages the closing of accounts at regular intervals for comparison purposes
 2. The concept of realization requires the recognition of unrealized losses once it can be anticipated.
 3. Whenever legally possible, the economic substance of a transaction must be recorded instead of the legal form.
- a) 1 and 2
 - b) 1 and 3
 - c) 2 and 3
 - d) All are false
- ()

Question 34

You are provided with the following information relating to a business

	\$'000
Creditors' opening balance	540
Cash paid to creditors	1,470
Cash purchases	57
Credit purchases	1,590
Credit notes received from creditors	33
Discounts received from creditors	24

The creditors' closing balance is

- a) \$603,000
- b) \$627,000
- c) \$636,000
- d) \$660,000

()

Question 35

Which of the following are examples of the application of the Prudence concept?

- I) Valuing stock at the lower of cost and net realizable value
 - II) Capitalisation of purchased goodwill
 - III) Depreciation of fixed assets
 - IV) Recognition of prepayment at the year end
- a) I and III
 - b) II and IV
 - c) III and IV
 - d) II and III

()

Question 36

An invoice for machinery repairs was posted to the motor vehicle repair account. The value of the invoice was \$210

What journal entries should be made to correct the error?

- a) Dr motor repair \$210, Cr Machinery repair \$210
- b) Dr Machinery repair \$420, Cr Motor vehicle repair \$420
- c) Dr Machinery repair \$210, Cr Motor vehicle repair \$210
- d) Dr motor vehicle repairs \$420, Cr Machinery repair \$420

()

Question 37

The extract of the balance sheet shows:

	\$000
Plant and machinery	9,000
Stock	8,000
Creditors	6,000
Bank loan	12,000
Bank	7,000
Debtors	3,000
Accrual	4,000
Prepayment	2,000

The quick ratio is

- a) 1.20
- b) 2.83
- c) 0.45
- d) 1.21

()

Question 38

Which of these journal entries may be accepted as being correct according to the narratives?

	Dr	Cr
	\$	\$
(1) Entertainment expenses account	600	
Drawing account		600
Correction of error - \$600 drawings wrongly charged to entertainment expenses		
(2) Debtor		700
Creditor	700	
Contra of \$700 debtor and creditor		
(3) Purchases		800
Expenses- stock loss	800	
Recording of stock loss of \$800		

- a) 1 only
- b) 1 and 2
- c) 1 and 3
- d) 2 and 3

()

Question 39

The Debtors balance as at the beginning of the month is \$34,000, during the month, the following transactions were noted:

Receipt from debtors	\$135,000
Cash sales during the month	\$18,000
Bad debt	\$1,000
Contra during the month	\$2,000
Credit sales return	\$500
Cash sales return	\$600
Discount allowed	\$800

The closing debtors balance were 10% lower than the beginning of the month.
What is the net sales figure for the month?

- a) \$147,600
- b) \$122,700
- c) \$152,800
- d) \$151,200

()

Question 40

The sum of the list of individual balance in the purchase ledger does not agree with the balance on the purchase ledger control account. On investigation, it is found that a credit balance of \$7,378 on supplier's account had been listed as a debit balance.
What is the effect of correcting the mistake on the total of the purchase ledger balance?

- a) A decrease of \$14,756
- b) An increase of \$14,756
- c) An increase of \$7,378
- d) A decrease of \$7,378

()

Question 41

Which is not true?

- a) Purchased goodwill is the difference between purchase consideration and fair value of the assets and liabilities taken over.
- b) Internally generated goodwill is not recorded
- c) Purchased goodwill must be subjected to annual impairment test, it should not be amortised
- d) Internally generated goodwill is amortised over not more than 20 years

()

Question 42

The draft accounts of a business shows a profit of \$220,690. The following errors need to be adjusted for:

- (1) A computer should have been capitalized has been included in repairs. It costs \$6,400 and should be depreciated at 25% per annum on cost with no residual value.
- (2) Interest payments of \$8,500 have not been recorded.

What is the profit figure after adjusting for these items?

- a) \$216,990
- b) \$210,590
- c) \$205,790
- d) \$218,590 ()

Question 43

During a three-month period a business made sales of £72,145, including VAT at 17.5%, and purchases of £54,200, excluding VAT at 17.5%. There was an amount due to Customs and Excise at 17.5% at the start of the three month period totalling £1,354. What was the balance on the VAT account at the end of the three-month period?

- a) £94
- b) £1,260
- c) £2,614
- d) £4,669 ()

Question 44

Which of the following will not appear on the statement of cash-flow in accordance to FRS 7?

- 1 Amortisation of goodwill
 - 2 Bonus issues of shares
 - 3 Dividend received
 - 4 Redemption of loan
 - 5 Issue of share capital
- a) 1 and 3
 - b) 2 only
 - c) 4 only
 - d) 5 only ()

Question 45

What does the “going concern” means in relation to a business?

- a) The business has a good reputation with both customers and suppliers
- b) The assets owned by a business exceed its liabilities
- c) The business will continue in operational existence for the foreseeable future
- d) The business is currently profitable

()

Question 46

Which of the following statements are true?

- 1 The owner of the business is not allowed to claim his personal expenses as business expenses because of money measurement concept.
- 2 Prudence requires us to understate profit and overstate expenses.
- 3 In the event of conflict between prudence and matching; prudence will override
- 4 The concept of consistency is also known as completeness

- a) All are false
- b) Only (3) is true
- c) Only (1) and (3) are true
- d) Only (2) is true.

()

Question 47

On 30 Jun 2003, a robbery took place at a small retail store, all the cash were taken except a \$400 cheque, paid by one of the customers.

Due to the lack of accounting records, the exact value of the loss was not available, but the accountant was able to establish that the opening and closing stock for the day were \$ 24,000 and \$20,000, and the gross profit margin is 20%

What is the value of cash losses?

- a) \$4,000
- b) \$4,600
- c) \$5,000
- d) \$4,400

()

Question 48

Which of the following is wrong about post balance sheet events?

- I Only unfavourable event can be classified as post balance sheet events
 - II Non adjusting event are events that provides additional evidences of conditions existing on the balance sheet date
 - III Disclosure is not required for adjusting events
 - IV Disclosure had to be made of the nature and financial effects of the post balance sheet event.
- a) I and II
 - b) I, II and III
 - c) II and IV
 - d) III and IV

()

Question 49

Which of the following is an adjusting event?

- I) Fraud detected after the balance sheet date
 - II) An event that cast doubts on the going concern of the company
 - III) Fire that takes place after the balance sheet date, but not affecting going concern
 - IV) Robbery at one of the branches after the balance sheet date.
- a) I and II
 - b) I and III
 - c) II and IV
 - d) III and IV

()

Question 50

H acquired 75% of the share capital of S for \$280,000 on 1 January 2004. Goodwill arising on consolidation has been fully impaired.

Details of the share capital and reserves of S are as follows:

	At 1 January 2004	At 31 December 2010
	\$	\$
Share capital	200,000	200,000
Accumulated profits	120,000	180,000

At 31 December 2000 the accumulated profits of H amounted to \$480,000.

What figure should appear in the consolidated balance sheet of H and S at 31 December 2010 for the group accumulated profits?

- a) \$530,000
- b) \$525,000
- c) \$485,000
- d) \$575,000

()