



GENERAL ACCOUNTING EXAMS FOR THE ACADEMIC YEAR 2021/2022

SECTION A: Tick the letter with the correct answer

- 1) Which of the following statements is true?
 - A) The directors of a company are liable for any losses of the company.
 - B) A sole trader business is owned by shareholders.
 - C) Partners are liable for losses in a partnership in proportion to their profit share ratio.
 - D) A company is run by directors on behalf of its members.
- 2) Which of the following statements best defines a financial position?
 - A) It is a summary of income and expenditures for an accounting period.
 - B) It is a summary of cash receipts and payments made during an accounting period.
 - C) It is a summary of assets, liabilities and equity at a specified date.
 - D) It is a summary of assets and expenses at a specified date.
- 3) Which one of the following user groups requires the most detailed financial information?
 - A) The management
 - B) Investors and potential investors.
 - C) Government agencies
 - D) Employees.
- 4) The main purpose of a financial accounting is to:
 - A) record all transactions in the books of account.
 - B) Provide management with detailed analyses of cost.
 - C) enable preparation of financial statements that provide information
 - D) calculate profit or loss for an accounting period
- 5) Which of the following users do you think requires the most detailed financial information?
 - A) Competitors
 - B) Management of the business
 - C) Trade Unions
 - D) Investors.
- 6) Which of the following statements are correct?
 - i) Only tangible assets (ie those with physical substance) are recognised in the financial statement.
 - ii) Faithful representation means that the financial effect of transaction must always be shown in the financial statements even if this differs from legal forms.
 - iii) Business only reports transaction, events and balances that are material to users of the financial statement.
 - A) All of them
 - B) i and ii only
 - C) ii only
 - D) ii and iii only
- 7) Which one of the following statements is true in relation to a partnership?
 - A) A partnership is a separate legal entity
 - B) A partnership is jointly owned and managed by the partners
 - C) A partnership can raise capital by issuing shares to the members of the public
 - D) A partnership is able to own property and other assets in its own name
- 8) Which one of the following statements is true in relation to a sole trader?
 - A) A sole trader cannot have any employees
 - B) A sole trader is able to introduce or remove capital at any time
 - C) A sole trader has limited liability for the debts of the business
 - D) A sole trader can operate a business from only one location
- 9) Which of the following is not an enhancing qualitative characteristics of useful financial information based upon the IASB's conceptual framework?
 - A) Comparability
 - B) Timeliness
 - C) Faithful representation
 - D) Understandability
- 10) Which of the following statements best describes an intangible asset?



- A) An intangible asset is an asset with no physical substance
- B) An intangible asset is always generated internally by a business
- C) An intangible asset is an asset which cannot be sold
- D) An intangible asset is a purchased asset which has no physical substance

11) Which of the following statements is false?

- A) Accruals decrease profit
- B) Accrued income decreases profit
- C) A prepayment is an asset
- D) Accrual is a liability

SECTION B: STRUCTURAL

Answer the questions in full

12) Classify the following items into current, non-current assets and liabilities using a table.

.Land and buildings

.Receivables

.Cash

.Loan payable in two years' time

.Payables

.Delivery van

(6mks)

13a). What is the objective of financial reporting?

(2mks)

b). State 4 users of the financial statement.

(4mks)

14) What is the role of corporate governance?

(2mks)

15) How does management accounting differ from financial accounting?

(2mks)

16) State three types of business entity and explain.

(6mks)