



QUESTION & ANSWER

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Exam : CIMAPRA17-BA3-1-ENG

**Title : BA3 - Fundamentals of
Financial Accounting (2017
SYLLABUS) (Online)**

Version : DEMO

1.Refer to the Exhibit.

| Data: | £ 000's |
|---------------------------------|---------|
| Sales | 30000 |
| Inventory at beginning of year: | |
| raw materials | 1000 |
| work-in-progress | 200 |
| finished goods | 3400 |
| Inventory at end of year: | |
| raw materials | 1100 |
| work-in-progress | 400 |
| finished goods | 3000 |
| Purchases of raw materials | 5000 |
| Returns inwards | 500 |
| Returns outwards | 750 |
| Carriage inwards | 400 |
| Carriage outwards | 600 |
| Direct labour | 4000 |

The following information relates to a business at its year end:

The prime cost of goods manufactured during the year is:

- A. £5,550,000
- B. £8,150,000
- C. £8,350,000
- D. £8,800,000

Answer: C

2.The balance on LMN's cash account at 31 December 20X6 is \$108,000 (debit) On performing the monthly bank reconciliation the following is discovered.

- a payment of \$2,000 made to a supplier has not yet appeared on the bank statement,
- an automated receipt from a customer for \$5,000 has not yet been recorded in the cash book, and
- a pigment to a supplier of \$1,500 was incorrectly recorded in the cash book as \$1,050

The balance showing on the bank statement at 31 December 20X6 is

- A. \$111,450
- B. \$101,450
- C. \$114,550
- D. \$104,550

Answer: A

3.Refer to the Exhibit.

| | Income Statement | Statement of Financial Position |
|---|------------------|---------------------------------|
| | \$ | |
| A | 1,050 | prepayment of \$750 |
| B | 1,050 | accrual of \$750 |
| C | 1,800 | no entry |
| D | 750 | prepayment of 1,050 |

On 1 May year 1 a company pays insurance of \$1,800 for the period to 30 April year 2.

What is the charge to the income statement and the entry in the statement of financial position for year 1 ended 30 November?

- A. A
- B. B
- C. C
- D. D

Answer: A

4.Which one of the following statements best describes the usefulness of the income statement account of a company:

- A. To evaluate its profitability over the past year
- B. To assess its potential profitability for the coming year
- C. To assess management performance over the past year
- D. To evaluate the return on capital employed

Answer: A

5.A company that is VAT-registered has sales for the period of \$245,000 (excluding VAT) and purchases for the period of \$123,375 (including VAT). The opening balance on the VAT account was \$18,000 credit. The VAT rate is 17.5%.

What will be the closing balance on the VAT account at the end of the period?

- A. \$6,500 debit
- B. \$42,500 credit
- C. \$375 debit
- D. \$36,375 credit

Answer: B