



MULTIPLE CHOICE QUESTIONS

CHAPTERS 16 – 20

CHAPTER 16

1. The amount of capital that a company can issue at par value is called

- (A) Authorised capital
- (B) Share premium
- (C) Issued capital
- (D) Fixed capital

2. Cash loaned to a company is called

- (A) Dividends
- (B) Debentures
- (C) Shares
- (D) Reserves

3. The appropriation account is also called

- (A) Statement of changes in owner's equity
- (B) Balance sheet
- (C) Cash Flow statement
- (D) Trading and Profit and Loss account



4. A company is allowed by law to sell 200 000 shares at \$2.00 each. Three-quarters (3/4) of these shares were bought by the public.

What is the issued share capital?

(A) \$100 000

(B) \$300 000

(C) \$400 000

(D) \$500 000

5. The share of profit a shareholder will receive is called

(A) dividend

(B) surplus

(C) net profit

(D) retained profit

ANSWERS

1. A

2. B

3. A

4. B

5. A



CHAPTER 17

1. The owners of a co-operative business are called
 - (A) members
 - (B) shareholders
 - (C) sole proprietor
 - (D) partners

2. Which of the following is NOT an advantage of a Co-operative?
 - (A) Open membership for anyone
 - (B) Each member is entitled to one vote
 - (C) A member cannot give permission to another member to vote
 - (D) Financial statements are available to the public

The following information refers to Items 3 – 5.

St. Thomas Credit Union Co-operative Society Limited has 100 members. Each member paid \$1 per share to own 1 000 shares. Last year \$30 000 in profit remained undistributed in the business. At the end of the year December 31, the co-operative made a profit of \$150 000. The total surplus available was shared using the information below:

| |
|-------------------------------|
| 20% to Education Fund |
| 30% to Medical Insurance Fund |
| 30% to members' dividends |

3. What is the amount to be transferred to the Education Fund?
 - (A) \$30 000
 - (B) \$36 000
 - (C) \$54 000
 - (D) \$108 000



4. What is the amount to be paid to members as dividends?

- (A) \$30 000
- (B) \$36 000
- (C) \$54 000
- (D) \$150 000

5. What is the undistributed surplus remaining after the transfers?

- (A) \$30 000
- (B) \$36 000
- (C) \$54 000
- (D) \$180 000

ANSWERS

- 1. A
- 2. D
- 3. B
- 4. C
- 5. B



CHAPTER 18

1. Which of the following records are NOT used by Non Trading organizations?

- (A) Appropriations account
- (B) Receipts and Payments account
- (C) Income and Expenditure account
- (D) Balance Sheet

2. Ex Build Up Club has 300 members who pay \$150 monthly each as subscriptions. 100 members owed a balance of one month's subscription. Subscription received amounted to cash totaling \$40 000.

What is the actual subscription for the year?

- (A) \$15 000
- (B) \$30 000
- (C) \$40 000
- (D) \$45 000

Item 3 refers to the information below.

The balances of The Guitar School Band as at December 31 were:

| | |
|----------------|---------|
| Cash | \$4 000 |
| Drum sets | 40 000 |
| Guitars | 20 000 |
| Stands | 3 000 |
| Bank overdraft | 15 000 |



3. The amount of the accumulated fund was
- (A) \$19 000
 - (B) \$63 000
 - (C) \$67 000
 - (D) \$82 000
4. A business organisation formed to fulfil the needs of its members rather than making a profit is called
- (A) Co-operative society
 - (B) Limited Liability Company
 - (C) Partnership Company
 - (D) Non-trading organisation
5. Which of the financial accounts used in Non-Trading organizations is similar to the Trading and Profit and Loss account?
- (A) Balance sheet
 - (B) Current account
 - (C) Appropriation account
 - (D) Income and Expenditure account

ANSWERS

- 1. A
- 2. D
- 3. C
- 4. D
- 5. D



CHAPTER 19

1. Which of the following does NOT belong to the prime cost section?

- (A) Indirect materials
- (B) Direct labour
- (C) Transport of raw materials
- (D) Raw materials

Item 2 – 3 refer to the following information for Debbie's Manufacturing Company

| | |
|----------------------------------|-----------|
| Cost of raw materials used | \$100 000 |
| Manufacturing wages | 20 000 |
| Factory rent | 10 000 |
| Factory depreciation - machinery | 3 000 |
| Office depreciation – equipment | 2 000 |

2. What is the total of Debbie's factory overhead cost?

- (A) \$10 000
- (B) \$13 000
- (C) \$15 000
- (D) \$35 000

3. What is the total of Debbie's cost of goods manufactured?

- (A) \$13 000
- (B) \$120 000
- (C) \$133 000
- (D) \$135 000



4. The following balances are for Kevin's Motor Vehicle Assembly plant.

| | |
|--------------------------------|----------|
| Raw materials used amounted to | \$20 000 |
| Manufacturing wages | 3 000 |
| Other direct expenses | 2 000 |

What was the prime cost of goods produced?

- (A) \$20 000
- (B) \$22 000
- (C) \$23 000
- (D) \$25 000

5. Kyle Fruity has a yogurt producing business. His raw materials cost \$15 000. Manufacturing wages amounted to \$3 000. Depreciation Plant Machinery \$2 000 and wages and salaries \$3 000

The number of units produced is 5 000. What is the cost of one unit?

- (A) 3 000
- (B) 3 600
- (C) 4 000
- (D) 4 600

ANSWERS

- 1. A
- 2. B
- 3. C
- 4. D
- 5. C



CHAPTER 20

1. In this method pay is based on the number of units produced. What is the name of this method?

- (A) Hourly wage
- (B) Piece rate
- (C) Bonus
- (D) Commission

2. Which of the following are NOT examples of statutory deductions?

- (A) National Insurance Scheme
- (B) Health Surcharge
- (C) Income Tax
- (D) Pension Plan

3. Which of the following shows an employee's earnings to date?

- (A) Time card
- (B) Employees Earnings Record
- (C) Payroll register
- (D) Pay slip



Item 4 refers to the following information.

| <u>Noel</u> | |
|---------------------------|----------|
| Net pay | \$15 000 |
| Income tax | 1 500 |
| National Insurance Scheme | 300 |

4. What is Noel's gross pay?

- (A) \$13 200
- (B) \$16 200
- (C) \$16 500
- (D) \$16 800

Item 5 refers to the following information.

The following deductions are made from the salary of Rajiv

| <u>Rajiv – Deductions</u> | |
|---------------------------|---------------------|
| Income Tax | 10% of Gross salary |
| Health Surcharge | 5% of Gross salary |
| National Insurance Scheme | 5% of Gross salary |
| Mortgage Loan | \$2 000 |



5. What is the total amount which should be deducted from Rajiv's salary of \$25 000 per month?

(A) \$1 250

(B) \$2 500

(C) \$5 000

(D) \$7 000

ANSWERS

1. B

2. D

3. B

4. D

5. D