Multiple Choice Questions

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There are 10 parts to Question 1.

For each of the parts (a) to (j) below there are four possible answers A, B, C and D. Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

1 (a) Why does the owner of a business need to know how much profit he has made?
   A to calculate interest payable on a bank loan
   B to calculate cost of sales
   C to calculate the return on capital
   D to calculate total expenses

(b) Which business document shows all the transactions that have taken place with a customer during a month?
   A credit note
   B debit note
   C invoice
   D statement

(c) A shop makes all its sales for cash.
   Where does the sales account appear?
   A cash book
   B nominal (general) ledger
   C sales journal
   D sales ledger

(d) Which account could appear in either the debit column or the credit column of a trial balance?
   A bad debts
   B bank
   C drawings
   D sales
(e) The cash book showed a balance in the bank of $1000 Dr. On the same date, the bank statement showed a balance in the bank of $900 Dr.

Which could be the reason for this difference?

A bank interest received
B payments made directly into the trader’s bank account
C standing order for property tax paid directly by the bank
D unpresented cheque

[1]

(f) What is an income statement (profit and loss account)?

A A list of all the assets and liabilities of a business at a particular date.
B A list of all the balances in the ledger accounts of a business at a particular date.
C A statement of receipts and payments of a business during a particular period.
D A summary of income and expenditure of a business during a particular period.

[1]

(g) Which entry is made to reduce a provision for doubtful debts?

<table>
<thead>
<tr>
<th>account to be debited</th>
<th>account to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A income statement (profit and loss account)</td>
<td>provision for doubtful debts</td>
</tr>
<tr>
<td>B provision for doubtful debts</td>
<td>income statement (profit and loss account)</td>
</tr>
<tr>
<td>C provision for doubtful debts</td>
<td>trade receivables (debtors)</td>
</tr>
<tr>
<td>D trade receivables (debtors)</td>
<td>provision for doubtful debts</td>
</tr>
</tbody>
</table>

[1]
(h) The total of the sales returns journal is posted to the sales returns account. Where will the double entry appear?

A bank account
B creditors’ accounts
C debtors’ accounts
D sales account [1]

(i) How is working capital calculated?

A current assets – current liabilities
B current assets + current liabilities
C non-current (fixed) assets + current assets – current liabilities
D non-current (fixed) assets + current assets + current liabilities [1]

(j) A sole trader compares his results with those of a similar business. Which shows how well expenses are being controlled?

A bank balance
B cost of sales
C gross profit
D net profit [1]

[Total: 10]
There are 10 parts to Question 1.

For each of the parts (a) to (j) below there are four possible answers A, B, C and D. Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

1 (a) Businesses use financial records to prepare financial statements (final accounts).

Which record is used in the preparation of the balance sheet?

A bank statement
B cash book
C purchases journal
D sales journal

(b) Which documents received by a business are used to write up the purchases returns journal?

A credit notes
B debit notes
C statements
D sales invoices

(c) A business keeps a petty cash book with an imprest amount of $300. During September the following transactions take place:

<table>
<thead>
<tr>
<th>Description</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>imprest restored on 1 September</td>
<td>100</td>
</tr>
<tr>
<td>petty cash drawn from bank on 15 September</td>
<td>150</td>
</tr>
<tr>
<td>expenses paid from petty cash</td>
<td>400</td>
</tr>
</tbody>
</table>

What amount will be required to restore the imprest on 30 September?

A $50
B $250
C $400
D $550
(d) Which error would not be revealed by a trial balance?
A  completely omitting a transaction
B  incorrectly balancing an account
C  making only one entry for a transaction
D  recording a transaction twice on the same side

(e) Which will be shown on a bank statement?
A  cash paid into bank not yet credited
B  cheque dishonoured
C  cheque drawn not yet presented
D  petty cash payment

(f) What is meant by the realisation concept?
A  Revenue and profit should not be anticipated.
B  Revenue is recognised as being earned when ownership of goods passes to the customer.
C  Similar items should be accounted for in a similar way from one accounting period to the next.
D  Transactions must be expressed in monetary terms.

(g) A business values its inventory (stock) of items X and Y. The following information is available.

<table>
<thead>
<tr>
<th>item</th>
<th>amount</th>
<th>cost price per unit</th>
<th>net realisable value per unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>300 units</td>
<td>$3</td>
<td>$4</td>
</tr>
<tr>
<td>Y</td>
<td>600 units</td>
<td>$6</td>
<td>$5</td>
</tr>
</tbody>
</table>

What is the total value of the inventory (stock)?
A  $3900
B  $4200
C  $4500
D  $4800
(h) What is the effect of not including intangible assets on the balance sheet?

A overstate the value of the non-current (fixed) assets
B overstate the value of the working capital
C understate the value of the current assets
D understate the total value of the assets [1]

(i) Which will appear in the income statement (profit and loss account) of a limited company?

A debenture interest paid
B preference share dividend paid
C retained profit brought forward
D transfer to general reserve [1]

(j) A trader does not keep proper accounting records. Her capital at the end of the financial year is higher than at the start. She has not introduced any further capital during the year.

What does this show?

A A net loss has been made during the year.
B Annual drawings are greater than the net profit.
C Assets less liabilities have reduced during the year.
D Net profit is greater than annual drawings. [1]

[Total: 10]
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Which record is used in the preparation of the balance sheet?

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What amount will be required to restore the imprest on 30 September?

A $50  B $250  C $400  D $550

Prepared by D. El-Hoss

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1 There are 10 parts to question 1.

For each of the parts (a) to (j) below there are four possible answers A, B, C and D. Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

(a) Why should a trader record all the financial information about her business?

A to calculate her bank balance
B to calculate her trade receivables (debtors)
C to calculate her drawings
D to calculate her profit

(b) Which entries are made in Xanthe’s ledger to record the payment by a customer of money owing to Xanthe?

<table>
<thead>
<tr>
<th>account to be debited</th>
<th>account to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A cash</td>
<td>creditor</td>
</tr>
<tr>
<td>B cash</td>
<td>debtor</td>
</tr>
<tr>
<td>C creditor</td>
<td>cash</td>
</tr>
<tr>
<td>D debtor</td>
<td>cash</td>
</tr>
</tbody>
</table>

(c) Which error will require a correcting entry in a suspense account?

A cash paid to Gideon debited to Gibson’s account
B motor vehicles account omitted from the trial balance
C purchase of fixtures for cash debited to the purchases account
D no entry made for cash paid for stationery
(d) Maria maintains a provision for doubtful debts at 5% of the trade receivables (debtors) at the end of each financial year.

On 31 December 2008 the trade receivables (debtors) owed $25 000 and on 31 December 2009 the trade receivables (debtors) owed $20 000.

How much will appear in Maria’s income statement (profit and loss account) for the year ended 31 December 2009?

A $250 credit  B $250 debit  C $1000 credit  D $1000 debit

[1]

(e) Karl’s trial balance for 31 December 2009 includes the following balances.

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>sales</td>
<td>3 200</td>
</tr>
<tr>
<td>inventory (stock) at 1 January 2009</td>
<td>200</td>
</tr>
<tr>
<td>purchases</td>
<td>1 800</td>
</tr>
<tr>
<td>expenses</td>
<td>800</td>
</tr>
</tbody>
</table>

Karl’s inventory (stock) at 31 December 2009 was $300.

What is Karl’s net profit for the year?

A $400  B $500  C $700  D $1500

[1]

(f) Which is not a current asset?

A cash in hand  
B money owed by a customer  
C prepaid bill for electricity  
D unpaid invoice from a supplier

[1]
(g) Which group contains only tangible fixed assets?

A  bank, cash, trade receivables (debtor), inventory (stock)
B  bank, trade receivables (debtor), loan, prepaid expenses
C  equipment, goodwill, machinery, vehicles
D  equipment, machinery, premises, vehicles

(h) Joe and Paul are partners sharing profits in the ratio 3:2, after paying Paul an annual salary of $15 000. For the year ended 31 March, the partnership’s net profit was $55 000.

How much was credited to Paul’s current account for the year ended 31 March?

A  $15 000  B  $22 000  C  $31 000  D  $37 000

(i) A business provided the following information.

<table>
<thead>
<tr>
<th></th>
<th>year 1</th>
<th>year 2</th>
<th>year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>gross profit as a percentage of sales</td>
<td>37%</td>
<td>37%</td>
<td>37%</td>
</tr>
<tr>
<td>net profit as a percentage of sales</td>
<td>12%</td>
<td>10%</td>
<td>7%</td>
</tr>
</tbody>
</table>

What does this show?

A  control over expenses is getting better
B  control over expenses is getting worse
C  sales have reduced
D  sales have increased
(j) The same accounting treatment should be applied to similar items at all times.

Which accounting principle is being applied?

A. consistency
B. duality
C. money measurement
D. prudence

[Total: 10]
(d) Maria maintains a provision for doubtful debts at 5% of the trade receivables (debtors) at the end of each financial year.

On 31 December 2008 the trade receivables (debtors) owed $25,000 and on 31 December 2009 the trade receivables (debtors) owed $20,000.

How much will appear in Maria’s income statement (profit and loss account) for the year ended 31 December 2009?

A $250 credit B $250 debit C $1000 credit D $1000 debit

(e) Karl’s trial balance for 31 December 2009 includes the following balances.

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>sales</td>
<td>3,200</td>
</tr>
<tr>
<td>inventory (stock) at 1 January 2009</td>
<td>200</td>
</tr>
<tr>
<td>purchases</td>
<td>1,800</td>
</tr>
<tr>
<td>expenses</td>
<td>800</td>
</tr>
</tbody>
</table>

Karl’s inventory (stock) at 31 December 2009 was $300.

What is Karl’s net profit for the year?

A $400 B $500 C $700 D $1,500

(f) Which is not a current asset?

A cash in hand
B money owed by a customer
C prepaid bill for electricity
D unpaid invoice from a supplier
(g) Which group contains only tangible fixed assets?

A  bank, cash, trade receivables (debtors), inventory (stock)  
B  bank, trade receivables (debtors), loan, prepaid expenses  
C  equipment, goodwill, machinery, vehicles  
D  equipment, machinery, premises, vehicles  

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D  $37 000  

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<th>year 2</th>
<th>year 3</th>
</tr>
</thead>
<tbody>
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<td>37%</td>
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</tr>
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B  control over expenses is getting worse  
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Which accounting principle is being applied?

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C  money measurement

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[Total: 10]
1 There are 10 parts to question 1.

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(a) What is shown as a liability in a balance sheet?

A bank overdraft
B fixtures and fittings
C inventory (stock)
D prepaid rent [1]

(b) Rent is paid to J. Perigo in cash.

How is this recorded?

<table>
<thead>
<tr>
<th>account to be debited</th>
<th>account to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A cash</td>
<td>rent</td>
</tr>
<tr>
<td>B J. Perigo</td>
<td>rent</td>
</tr>
<tr>
<td>C rent</td>
<td>cash</td>
</tr>
<tr>
<td>D rent</td>
<td>J. Perigo</td>
</tr>
</tbody>
</table>

[1]

(c) When is a suspense account opened?

A when a balance sheet fails to balance
B when a trial balance fails to balance
C when an error of omission is corrected
D when an error of principle is corrected [1]
(d) Which item on a bank statement would cause the balance on the bank statement to be more than the balance in the cash book?

A. bank charges
B. bank interest credited
C. dishonoured cheque
D. standing orders paid

(e) Why should costs be matched with revenues at the end of an accounting period?

A. so that profit may be calculated
B. so that the trial balance will balance
C. to calculate the amount owed to trade creditors
D. to calculate the bank balance

(f) Peter sold goods on credit to Ann in 2009. In October 2010 Peter wrote off the amount owed by Ann as a bad debt.

What entries must Peter make in his ledger to write off the bad debt?

<table>
<thead>
<tr>
<th>account to be debited</th>
<th>account to be credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Ann</td>
<td>bad debts</td>
</tr>
<tr>
<td>B Ann</td>
<td>sales</td>
</tr>
<tr>
<td>C bad debts</td>
<td>Ann</td>
</tr>
<tr>
<td>D sales</td>
<td>Ann</td>
</tr>
</tbody>
</table>

[1]
(g) The following information is available for a sole trader for the year ended 30 September 2010.

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>sales in year</td>
<td>59 200</td>
</tr>
<tr>
<td>inventory (stock) at 1 October 2009</td>
<td>2 500</td>
</tr>
<tr>
<td>inventory (stock) at 30 September 2010</td>
<td>3 800</td>
</tr>
<tr>
<td>purchases in year</td>
<td>28 600</td>
</tr>
</tbody>
</table>

What is the gross profit for the year?

A $24 300
B $29 300
C $30 600
D $31 900

(h) Which of the following appears in the income statement (profit and loss account) of a partnership?

A a partner’s drawings
B a partner’s salary
C interest on a partner’s capital
D interest on a partner’s loan

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(i) A business has calculated the following ratios:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage of gross profit to sales</th>
<th>Percentage of net profit to sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>40%</td>
<td>19%</td>
</tr>
<tr>
<td>Year 2</td>
<td>40%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Why did the percentage of net profit to sales increase in Year 2?

A cost of sales decreased
B cost of sales increased
C expenses decreased
D expenses increased

(j) Which of the following should not be recorded in the books of account?

A canteen costs
B maintenance of office buildings
C wages of staff
D workers' skills

[Total: 10]
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1 (a) Which business documents are used to write up the sales returns journal?
   A credit notes issued to customers
   B credit notes received from suppliers
   C invoices issued to customers
   D invoices received from suppliers

(b) What is cash discount?
   A an allowance given to a customer for paying in cash
   B an allowance given to a customer for prompt payment
   C a deduction from the list price of goods bought by a customer
   D a deduction from the list price of goods for bulk buying by a customer

(c) Which type of error is corrected using a suspense account?
   A complete reversal
   B omission
   C principle
   D single entry

(d) A business receives a bank statement and updates its cash book. Which item will increase the bank balance in the cash book?
   A bank charges
   B credit transfers received
   C interest charges
   D standing orders paid

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(e) Adam’s debt is to be written off as bad. What entries are required?

<table>
<thead>
<tr>
<th>account to be debited</th>
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</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Adam</td>
</tr>
<tr>
<td>B</td>
<td>Adam</td>
</tr>
<tr>
<td>C</td>
<td>bad debts</td>
</tr>
<tr>
<td>D</td>
<td>bad debts</td>
</tr>
</tbody>
</table>

(f) Which is an intangible asset?

A. goodwill
B. inventory
C. other receivables
D. trade receivables

(g) A trader took goods costing $100 for his own use. How is this recorded in the ledger?

A. debit drawings, credit inventory
B. debit drawings, credit purchases
C. debit inventory, credit drawings
D. debit purchases, credit drawings

(h) Which is a factory overhead?

A. carriage on finished goods
B. carriage on raw materials
C. wages of factory supervisors
D. wages of machine operators
(i) How is the collection period for debtors calculated?

A  credit sales / debtors x 100  [ ]
B  credit sales / debtors x 365  [ ]
C  debtors / credit sales x 100  [ ]
D  debtors / credit sales x 365  [ ]  [1]

(j) At which point is revenue considered to be earned by a business?

A  when an invoice is sent to the customer  [ ]
B  when ownership of the goods passes to the customer  [ ]
C  when the customer orders the goods  [ ]
D  when the customer pays for the goods  [ ]  [1]

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</thead>
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</tr>
<tr>
<td>B Adam</td>
<td>income statement</td>
</tr>
<tr>
<td>C bad debts</td>
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(d) K Lain owns a bakery shop.
Which of the following are capital expenditure?

1. motor vehicle
2. petrol for motor vehicle
3. shop fixtures
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A 1 and 3
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(g) In December 2010 Imran wrote off Ahmed’s debt of $50. On 30 April 2012 Ahmed sent a cheque for $50. Which journal entry would Imran make on 30 April 2012?

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<thead>
<tr>
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<th>debit $</th>
<th>credit $</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Ahmed</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>bank</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>bad debts recovered</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Ahmed</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>bad debts recovered</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>bank</td>
<td></td>
</tr>
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<td>D</td>
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<td>50</td>
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<td>bad debts recovered</td>
<td></td>
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</tbody>
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D trade receivables

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(j) Paul is preparing his financial statements. What should he do to observe the principle of prudence?

A include all foreseeable losses
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D show prepayments as expenses

[Total: 10]
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For each of the parts (a) to (j) below there are four possible answers A, B, C and D. Choose the one you consider correct and place a tick (✓) in the box to indicate the correct answer.

1 (a) Beth sold goods on credit to Peter. It was later discovered that Peter had been overcharged. Which document will Beth send to Peter to correct the error?

- A credit note
- B debit note
- C invoice
- D statement

(b) Where are the balances of carriage inwards and carriage outwards shown in the trial balance?

<table>
<thead>
<tr>
<th></th>
<th>debit column</th>
<th>credit column</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>carriage inwards</td>
<td>carriage outwards</td>
</tr>
<tr>
<td>B</td>
<td>carriage outwards</td>
<td>carriage inwards</td>
</tr>
<tr>
<td>C</td>
<td>carriage inwards, carriage outwards</td>
<td>–</td>
</tr>
<tr>
<td>D</td>
<td>–</td>
<td>carriage inwards, carriage outwards</td>
</tr>
</tbody>
</table>

(c) A trader purchased stationery for office use. This was entered in the ledger as purchase of goods for resale. Which entry will correct this error?

<table>
<thead>
<tr>
<th></th>
<th>account debited</th>
<th>account credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>purchases</td>
<td>stationery</td>
</tr>
<tr>
<td>B</td>
<td>stationery</td>
<td>purchases</td>
</tr>
<tr>
<td>C</td>
<td>stationery</td>
<td>sales</td>
</tr>
<tr>
<td>D</td>
<td>sales</td>
<td>purchases</td>
</tr>
</tbody>
</table>
(d) A trader maintains a sales ledger control account. 

From which books of prime (original) entry would he obtain the totals for cash discounts and goods returned?

<table>
<thead>
<tr>
<th></th>
<th>discounts</th>
<th>goods returned</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>cash book – discount allowed column</td>
<td>purchases returns journal</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>cash book – discount allowed column</td>
<td>sales returns journal</td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>cash book – discount received column</td>
<td>purchases returns journal</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>cash book – discount received column</td>
<td>sales returns journal</td>
</tr>
</tbody>
</table>

(e) David owes $1000 to Parvinder. He pays 90% of the debt. Parvinder writes off the remaining debt. What entry will Parvinder make to write off the bad debt?

<table>
<thead>
<tr>
<th>account to be debited</th>
<th>$</th>
<th>account to be credited</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A</strong></td>
<td>bad debts</td>
<td>100</td>
<td>David</td>
</tr>
<tr>
<td><strong>B</strong></td>
<td>David</td>
<td>100</td>
<td>bad debts</td>
</tr>
<tr>
<td><strong>C</strong></td>
<td>bad debts</td>
<td>900</td>
<td>David</td>
</tr>
<tr>
<td><strong>D</strong></td>
<td>David</td>
<td>900</td>
<td>bad debts</td>
</tr>
</tbody>
</table>

(f) Which is a current asset?

- A accrued wages
- B bank loan
- C motor vehicles at cost
- D prepaid insurance
(g) Susan receives a cheque from a tenant on 10 December 2011. This is rent due to the business for the period 1 January to 31 March 2012. How is this treated in Susan’s financial statements for the year ended 31 December 2011?

A accrued expense  
B accrued income  
C prepaid expense  
D prepaid income

[1]

(h) In partnership accounts, which item appears in both the profit and loss appropriation account and in the partners’ current accounts?

A current account balances  
B drawings  
C interest on drawings  
D interest on loans

[1]

(i) A business has not kept full accounting records. Which of the following are used to calculate the profit for the year?

A bank reconciliation statements  
B control accounts  
C statement of affairs  
D suspense account

[1]

(j) What is meant by the money measurement principle?

A accounts are kept on the double entry basis  
B accounts contain only items which have a monetary value  
C non-current assets are shown at cost less depreciation  
D profits are calculated by deducting cash paid from cash received

[1]

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<td>Ahmed</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>bank</td>
<td>50</td>
</tr>
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<td>50</td>
</tr>
<tr>
<td></td>
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   - B because she needs to pay her creditors on time
   - C so that she can prepare final accounts
   - D so that she knows how much her debtors owe her

(b) Ace Motors sold a delivery van on credit to M. Johnson.

Which entries will be made in the books of Ace Motors?

<table>
<thead>
<tr>
<th>account debited</th>
<th>account credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A M. Johnson</td>
<td>motor vehicles</td>
</tr>
<tr>
<td>B M. Johnson</td>
<td>sales</td>
</tr>
<tr>
<td>C motor vehicles</td>
<td>M. Johnson</td>
</tr>
<tr>
<td>D sales</td>
<td>M. Johnson</td>
</tr>
</tbody>
</table>

(c) A business has a suspense account. It is found that the amount in the suspense account is in respect of a cash sale to Tahir, which was omitted from the sales account.

Which entries will correct the error?

<table>
<thead>
<tr>
<th>account debited</th>
<th>account credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A sales</td>
<td>suspense</td>
</tr>
<tr>
<td>B suspense</td>
<td>sales</td>
</tr>
<tr>
<td>C suspense</td>
<td>Tahir</td>
</tr>
<tr>
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<td>suspense</td>
</tr>
</tbody>
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(d) A trader purchases a supply of office paper on credit.

How should this transaction be recorded?

<table>
<thead>
<tr>
<th></th>
<th>debit</th>
<th>credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>office equipment</td>
<td>supplier</td>
</tr>
<tr>
<td>B</td>
<td>supplier</td>
<td>office equipment</td>
</tr>
<tr>
<td>C</td>
<td>stationery</td>
<td>supplier</td>
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</tbody>
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(e) Amounts owed by a trader for electricity are given below.

<table>
<thead>
<tr>
<th></th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January</td>
<td>2,000</td>
</tr>
<tr>
<td>31 December</td>
<td>2,500</td>
</tr>
</tbody>
</table>

The charge for electricity shown in the income statement for the year ended 31 December was $15,500.

What was the amount paid for electricity during the year?

A $15,000  
B $15,500  
C $16,000  
D $20,000

(f) Amina lists her current assets in order of liquidity.

In which order will the current assets appear?

A bank, cash, inventory, trade receivables  
B cash, bank, trade receivables, inventory  
C inventory, trade receivables, bank, cash  
D trade receivables, inventory, bank, cash
(g) How will partners’ interest on drawings be shown in the partnership’s financial statements?

A debit income statement
B credit income statement
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(h) Which term describes the balancing figure in a receipts and payments account?

A excess of expenditure over income for the period
B excess of income over expenditure for the period
C the profit or loss for the year
D total cash and bank balances at the end of the year

(i) A trader sets his selling price by adding a profit figure on to the cost price. How does he do this?

A by applying margin
B by applying mark-up
C by using the current ratio
D by using the quick ratio

(j) Miriam supplies goods on credit to Anna. Applying the realisation principle, when does Miriam recognise the sales revenue?

A when Anna acquires legal ownership of the goods
B when Anna orders the goods
C when Anna pays for the goods
D when Anna receives a statement from Miriam

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<td>suspense</td>
</tr>
<tr>
<td>suspense</td>
<td>sales</td>
</tr>
<tr>
<td>suspense</td>
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</thead>
<tbody>
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</tr>
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<td>supplier</td>
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</tr>
<tr>
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<tr>
<td>D</td>
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