



- 1 Andrew purchased a motor vehicle on credit from Claude Motor Company. How would Claude Motor Company record this?

	Account to be debited	Account to be credited
A.	Andrew	Motor vehicle
B.	Andrew	sales
C.	Motor vehicle	Andrew
D.	sales	Andrew

- 2 Which statements about book-keeping and accounting are correct?

- 1 Accounting is performed periodically rather than daily.
- 2 Accounting relies on having accurate book-keeping records.
- 3 Book-keeping involves the preparation of financial statements.
- 4 Book-keeping is based on the double entry system of recording.

- A. 1, 2 and 4 B. 1 and 3
C. 2, 3 and 4 D. 2 and 4

- 3 Jane made a payment to a supplier for goods bought on credit. Jane does not have a bank overdraft. What is the effect on the accounting equation?

- A. Decrease capital and decrease assets
B. Decrease liabilities and decrease assets
C. Increase assets and decrease liabilities
D. Increase liabilities and decrease capital

- 4 What is a benefit of using computers in book-keeping and accounting?

- A. Anyone with a computer can access the information.
B. It is cheap to install.
C. Large quantities of information can be stored.
D. Staff requires special training.

- 5 Which of the following will not be recorded as a business transaction?
- A. Purchase of inventory for resale
 - B. Insurance of the office building
 - C. Telephone bill of the owners' house
 - D. Personal withdrawals of the owner from business
- 6 A business received its bank statement showing the closing balance as \$8500 over drawn. It was found that unpresented cheques amounted to \$2000 and uncredited deposits amounted to \$1500.
- What was the overdraft shown in the cash book?
- A. \$ 5000
 - B. \$ 8000
 - C. \$ 9000
 - D. \$ 12000
- 7 Which item affects gross profit?
- A. carriage outwards
 - B. discounts allowed
 - C. discounts received
 - D. carriage inward
- 8 How should the owner of a business use his financial statements?
- A. to calculate the cash drawings for the year
 - B. to determine the amount due to trade payables
 - C. to measure the change in the bank balance
 - D. to monitor the progress of the business
- 9 A trader took goods at cost price for his own use. In which account would he make a credit entry?
- A. drawings
 - B. inventory
 - C. purchases
 - D. sales

14 A company employs a book-keeper and an accountant. Which task would the accountant perform?

- A. extracting balances from the ledger accounts to produce a trial balance
- B. making entries in the journal to adjust a provision for doubtful debts
- C. preparing a monthly report that analyses the profitability of the company
- D. recording sales and purchase invoices in the books of prime (original)entry

15 Why does the owner of a business calculate profit?

- A. to find the return on capital
- B. to find the total expenses
- C. to know how much he can borrow from the bank
- D. to know the loan interest he can afford to pay

16 Melanie provided the following information.

	\$
non-current assets	14 000
amount owing by credit customers	1 250
amount owing to credit suppliers	850
Inventory	1 875
bank overdraft	365

What was Melanie's capital?

- A. \$12160
- B. \$15110
- C. \$15910
- D. \$16640

17 Jamal bought goods from Sanjay, paying in cash. How would Jamal record this transaction?

	Account to be debited	Account to be credited
A.	Cash	Purchases
B.	Cash	Sanjay
C.	Purchases	Cash
D.	Sanjay	Cash

18 Winston sold goods on credit to Leroy.

Which entries should Winston make in his ledgers?

	sales ledger	general ledger
A.	Credit Leroy account	Debit sales account
B.	Credit sales account	Debit Leroy account
C.	Debit Leroy account	Credit sales account
D.	Debit sales account	Credit Leroy account

19 Alex issued a credit note to Marcus.

In which book of prime (original) entry would Alex record this?

- | | |
|----------------------|------------------------------|
| A. Purchases journal | B. purchases returns journal |
| C. Sales Journal | D. Sales returns journal |

20 A trader sends a monthly statement to a credit customer. What is the purpose of sending this statement?

- A. to demand immediate payment in cash
- B. to inform the customer of his credit limit
- C. to provide a summary of transactions
- D. to notify the customer of goods awaiting delivery

21 A trader allows trade discount to regular customers. Where will this discount appear in his financial statements?

- A. as a credit entry in the income statement
- B. as a current asset in the statement of financial position
- C. as a debit entry in the income statement
- D. it will not appear in the financial statements

22 Omar had a debit balance of \$6400 on the bank column in his cashbook. The following appeared on the bank statement, but not in the cash book.

	\$
bank charges	52
standing order payment	16
direct debit payment	9
dishonoured cheque from a customer	100

What was the debit balance on the bank column in the cash book after making entries for these items?

- A. \$ 6223
- B. \$6323
- C. \$6477
- D. \$6577

23 A trader takes cash drawings from the business. How will this affect the profit for the year and the current assets?

	profit for the year	current assets
A.	decrease	no effect
B.	increase	no effect
C.	no effect	decrease
D.	no effect	increase

24 Which is a trading business?

- A. food store
- B. hairdresser
- C. investment adviser
- D. motor vehicle repairer

25 Ali paid Ayub, a credit supplier, by cheque. The bank later dishonoured the cheque. How would Ali record this dishonoured cheque

	account to be debited	account to be credited
A.	Ali	Bank
B.	Ayub	Bank
C.	Bank	Ali
D.	Bank	Ayub

26 Which item does **not** appear in the financial statements of a service business?

- A. gross profit
- B. non-current assets
- C. non-current liabilities
- D. profit for the year

27 Dave supplies goods to Peter on credit. On 1 April, Peter owed Dave \$440. Dave sent or received the following documents in April.

	\$
April 7 Invoice	360
12 Cheque (after deducting \$11 cash discount)	429
13 Debit note	50
15 Credit note	50

What was the closing balance on the statement of account on 30 April 2016?

- A. \$260
- B. \$310
- C. \$321
- D. \$421

28 A business began trading on 1 January 2016. During that month, the following transactions took place.

received capital from owner, \$10 000

received goods for resale, \$4000

dispatched goods to customer, \$5000

paid \$3000 for goods received

What was the total in the bank account on 31 January 2016?

- A. \$7000
- B. \$8000
- C. \$11000
- D. \$12000

29 Which is true about a bank reconciliation statement?

- A. It may uncover any theft of funds.
- B. It is part of the double entry records of a business.
- C. It is prepared by the bank.
- D. It shows items which are in both the cash book and the bank statement.

30 The following account appeared in Amna's ledger.

Syed account				
date	Details	debit \$	credit \$	balance \$
Sept 1	Balance b/d			400 dr
14	Sales	600		1000 dr
26	Bank		390	610 dr
26	Discount		10	600 dr

Which statement is true?

- A. On 1 September Amna owed Syed \$400.
- B. On 14 September Syed purchased goods, \$600, on credit from Amna.
- C. On 26 September Amna paid Syed \$390 by cheque.
- D. On 26 September Syed allowed \$10 cash discount to Amna

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