

1. Which task would not be carried out by an accountant?
  - A. comparing one year's results with those of previous years
  - B. interpreting the accounting records
  - C. preparing financial statements
  - D. recording the financial transactions
  
2. 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 require special training.
  
3. Businesses make use of both book-keeping and accounting procedures. What is the purpose of book-keeping?
  - A. to interpret the double entry records
  - B. to prepare financial statements at regular intervals
  - C. to record all the financial transactions of the business
  - D. to summarize the financial position of the business
  
4. Which statement is correct?
  - A. An asset is always a credit entry
  - B. An expense is always a credit entry
  - C. An expense is always a debit entry
  - D. A liability is always a debit entry
  
5. Which document does not back up a transaction?
  - A. Invoice
  - B. Credit note
  - C. Receipt
  - D. Statement of account

6. Which of the following is in-correct?

	Assets	Liabilities	Capital
	\$	\$	\$
A.	7850	1250	6600
B.	8200	2800	5400
C.	9550	1150	8200
D.	6540	1120	5420

7. 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

8. A business had the following assets and liabilities.

	\$
Premises	15 000
Inventory	6 000
trade receivables	3 000
bank overdraft	1 000
trade payables	4 000

It took out a bank loan, \$2000, to pay for a motor vehicle.

What was the owner's capital after the transaction?

- A. \$17 000    B. \$19 000    C. \$21 000    D. \$23 000

9. Which of the following is incorrect?

- A. Assets – capital = liabilities
- B. Liabilities + Capital = Assets
- C. Liabilities + Assets = Capital
- D. Assets – liabilities = Capital

10. Which account will have a credit balance?

- A. Carriage inwards
- B. Carriage outwards
- C. Discount allowed
- D. Discount received

11. Which statement about a debit note is correct?

- A. It is sent to a customer to request payment of an account.
- B. It is sent to a customer when his order cannot be supplied in full.
- C. It is sent to a supplier to order additional goods.
- D. It is sent to a supplier when damaged goods are received.

12. Which is both a book of prime entry and a ledger account?

- A. cash book
- B. general ledger
- C. sales journal
- D. sales ledger control account

13. Sohana bought goods from Yasmin for \$150 and received a 10% trade discount. How should Yasmin record this transaction?

	debit	\$	credit	\$
A.	purchases	135	Yasmin	135
B.	purchases	150	Yasmin	135
			discount received	15
C.	Sohana	135	Sales	135
D.	Sohana	150	Sales	150

14. Hassan maintains a sales journal, purchases journal, sales returns journal and a purchases returns journal.

At the end of each month, Hassan transfers the totals of these journals to the ledger. Which entries will Hassan make in his ledger to record these totals?

	account to be debited	account to be credited
A.	purchases returns sales	purchases sales returns
B.	purchases returns sales returns	purchases sales
C.	purchases sales	purchases returns sales returns
D.	purchases sales returns	purchases returns sales

15. At the end of April the discount column on the debit side of a three column cash book showed entries of \$80 and \$60.

How is this recorded in the ledger?

	account(s) to be debited	account(s) to be credited
A.	discount allowed \$140	individual trade receivables accounts \$80 and \$60
B.	discount received \$140	individual trade payables accounts \$80 and \$60
C.	individual trade payables accounts \$80 and \$60	discount received \$140
D.	individual trade receivables accounts \$80 and \$60	discount allowed \$140

16. What is a trail balance?

- A. A list of balances on a business's books on a certain date
- B. A list of the assets, liabilities and capital of a business on a certain date
- C. A summary of all a business's transactions for the year
- D. A summary of the financial position of a business at the year end

17. Zoran receives a credit note from one of his suppliers. How would Zoran record this?

	Account to be debited	Account to be credited
A.	Purchases	Supplier
B.	Purchases return	Supplier
C.	Supplier	Purchases
D.	Supplier	Purchases return

18. A company purchased goods costing \$4000 and was allowed a trade discount of 10%. A cash discount 2.5% is given for payment within 30 days. Payment was made within the 30 day period. What was the amount paid?

- A. \$3500
- B. \$3510
- C. \$3600
- D. \$3900

19. Which transaction is entered in general journal?

- A. Cash paid to supplier
- B. Cash received from customer
- C. Machinery bought on credit
- D. Inventory bought on credit

20. In a business's books, the ledger account of Kirshaw has a debit balance of \$900. What does this mean?

- A. Kirshaw has paid \$900 to the business
- B. Kirshaw owes the business \$900
- C. The business has paid Kirshaw \$900.
- D. The business owes Kirshaw \$900.

21. Donald trades with Christine. They exchange the following documents. Which document would normally be issued first?

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

22. Zayan was given the following discounts by his supplier when he bought goods, list price \$4000.

trade discount	25 %
cash discount	5 %

Which amount would be entered in the discount received column of Zayan's cash book when payment was made?

- A. \$150      B. \$200      C. \$1000      D. \$1200

23. Which document does a trader send to a credit customer to summarise the transactions for the month?

- A. credit note
- B. debit note
- C. receipt
- D. statement of account

24. Sandra 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.	Sandra	motor vehicle
B.	Sandra	sales
C.	motor vehicle	Sandra
D.	sales	Sandra

25. The owner of a business takes goods for his own use. How is this recorded?

	Account to be debited	Account to be credited
A.	Drawings	Inventory
B.	Drawings	Purchases
C.	Inventory	Drawings
D.	Purchases	drawings

26. Which book of prime entry is written up from the copies of credit notes issued by a trader?

- A. purchases journal
- B. purchases returns journal
- C. sales journal
- D. sales returns journal

27. Which account could have a credit balance?

- A. bank
- B. carriage inwards
- C. carriage outwards
- D. cash

28. Karim issued an invoice, a credit note and a receipt.

What has happened?

- A. Karim purchased goods and paid the supplier immediately.
- B. Karim purchased goods on credit, made returns to the supplier and paid the balance due.
- C. Karim sold goods and received immediate payment from the customer.
- D. Karim sold goods on credit, received returns from the customer and received the balance due.

29. The following balances were extracted from Majid's purchases and sales ledgers.

Walid account	\$1500 debit
Xian account	\$1700 debit
Yu account	\$2300 credit
Zaid account	\$2700 credit

How much does Majid owe?

- A. \$1800
- B. \$3200
- C. \$5000
- D. \$8200

30. Which appear on the debit side of a trial balance?

- 1 assets
- 2 capital
- 3 expenses
- 4 revenue

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