

1. What is a disadvantage of a computerised book-keeping system?

- A. Calculations are performed without errors.
- B. Information can be processed quickly.
- C. Reconciliations are performed automatically.
- D. There is an initial cost of training staff.

2. A trader provides the following information.

	\$
equipment	10 000
inventory	4 000
trade receivables	2 500
trade payables	3 500
insurance prepaid	100
rent owing	200
bank overdraft	1 500

What is the total of the assets?

- A. \$16 600 B. \$16 700 C. \$17 600 D. \$18 100

3. Shahzaib bought a motor vehicle costing \$10 000 from Jauhar Motors. He paid \$2 000 by cheque. The balance was to be paid over the next two years.

How was this recorded in Shahzaib' books of account?

	account to be debited	\$	account to be credited	\$
A.	Bank	2 000	motor vehicles	10 000
	Jauhar Motors	8 000		
B.	Bank	2 000	Jauhar Motors	10 000
	motor vehicles	8 000		
C.	Jauhar Motors	10 000	Bank	2 000
			motor vehicles	8 000
D.	Motor vehicles	10 000	Bank	2 000
			Jauhar Motors	8 000

4. Which statement is correct?

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

5. Which of the following is correct?

	Assets \$	Liabilities \$	Capital \$
A.	1 920	7 820	5 900
B.	10 200	3 460	13 660
C.	6 610	5 400	1 200
D.	15 800	4 110	11 690

6. Which of the following is not an asset of a business?

- A. Trade receivables
- B. Loan to Amir
- C. Premises
- D. Bank overdraft

7. Which of the following is not a liability of a business?

- A. Loan from Soneri Bank
- B. Trade payables
- C. Trade receivables
- D. Bank overdraft

8. Which of the following statements is correct?

		Effect on		
		Assets	Liabilities	Capital (Equity)
A.	Purchased goods on credit	+ Inventory	No effect	+ Capital
B.	Customer paid cheque for amount owed	- Bank	- Trade payables	No effect
C.	Withdrew cash for private use	- Cash	No effect	- Capital
D.	Bought in own furniture for company use	+ Furniture	+ Loan	No effect

9. Owner's equity can increase when:

- A. the business purchases a motor vehicle for office use
- B. the business gets a loan from the bank
- C. the proprietor draws out cash to pay the monthly installment of his personal car loan
- D. the proprietor banks into the company account the proceeds from the sale of his house

10. A statement of financial position is:

- A. a statement showing how profits are earned during the year
- B. an account with debit and credit entries
- C. a summary of the assets, liabilities and owner's equity of a business with their values as at a particular date
- D. a record of all the account balances in the books at the close of the accounting period

11. When Marium returned defective goods to Well Enterprise, the returns should be recorded in the ledger of Well Enterprise in the:
- purchases returns account
 - sales returns account
 - inventory account
 - returns outward account
12. Which are the ledger entries for recording goods taken by a sole-trader as gifts for his neighbor?
- Debit Purchases account, credit Drawings account
 - Debit Drawings account, credit Purchases account
 - Debit Drawings account, credit Sales account
 - Debit Gifts account, credit Capital account
13. Which best describes "Purchases"?
- Goods bought on credit
 - Goods paid for
 - Goods bought for business use
 - Goods bought for resale
14. Which of the following is / are correct?

		Account to be debited	Account to be credited
I	Paid interest on loan	Interest	Loan
II	Received cheque for rent	Bank	Rent receivable
III	Cash sales banked	Cash	Sales
IV	Owner took goods for own use	Drawings	Purchases

- A. I and II B. II only C. II and IV D. I, II and III

15. What is the Capital of the business if the assets and liabilities of the business are as follows:

	\$
Office equipment	7 400
Premises	26 500
Inventory	1 400
Trade receivables	3 600
Cash in hand	650
Bank overdraft	2 700
Trade payables	6 870

- A. \$39 550 B. \$36 520 C. \$35 380 D. \$29 980

16. Dr. Furniture Account Cr.

	\$		\$
2017		2017	
May 1 Balance	3 600	May 25 Bank	300
14 Bank	900		

Which of the following statements describes the entry made on 25 May 2017?

- A. Brought in furniture valued at \$300 as additional capital
- B. Paid cheque \$300 for purchase of furniture
- C. Sold used furniture and received \$300 for it
- D. Took furniture valued at \$300 for home use

17. Wazir decides to write off a debt due to him from Badshah for goods sold on credit.

How is this recorded in Wazir's books?

	Account to be debited	Account to be credited
A.	Bad debts	Badshah
B.	Bad debts	Sales
C.	Badshah	Bad debts
D.	Sales	Bad debts

18. Raza had a debit balance of \$6 400 on the bank column in his cash book.

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. \$6 223
- B. \$6 323
- C. \$6 477
- D. \$6 577

19. 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

20. 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

21. A business provided the following information for April 2017.

	\$
invoices received for credit purchases	250 000
invoices received for cash purchases	15 000
credit notes received for goods returned	10 000

What was the total of the purchases journal for April 2017?

- A. \$240 000
 - B. \$250 000
 - C. \$255 000
 - D. \$265 000
22. Sadaf transferred \$5 000 from the bank deposit account to the bank current account on 1 May.

On the same day she received a bank loan, \$10 000, which she paid into the bank current account.

How will Sadaf record these transactions?

	bank loan account		bank deposit account		bank current account	
	Debit	Credit	Debit	Credit	Debit	Credit
A.	✓		✓			✓
B.	✓			✓		✓
C.		✓	✓		✓	
D.		✓		✓	✓	

23. Adeela's account in the books of Hammad showed the following.

Adeela account				
Date		debit \$	credit \$	balance \$
May 1	balance			450 dr
4	sales	200		650 dr
8	bank		432	218 dr
8	discount		18	200 dr

Which statements about the transactions on 8 May are correct?

1. Hammad made a payment to Adeela.
2. Hammad received a payment from Adeela.
3. Adeela allowed a discount to Hammad.
4. Adeela received a discount from Hammad.

A. 1 and 3

B. 1 and 4

C. 2 and 3

D. 2 and 4

24. Ahmed decided to write off an amount owing from Yasmin as a bad debt.

Which entries will Ahmed make?

	When the debt is written off		At the end of the financial year	
	Account to be debited	Account to be credited	Account to be debited	Account to be credited
A.	bad debts	Yasmin	income statement	bad debts
B.	income statement	sales	sales	bad debts
C.	sales	income statement	bad debts	sales
D.	Yasmin	bad debts	bad debts	income statement

25. Which business is not a service business?

A. Accountant's practice

B. Computer repair shop

C. Flower shop

D. Hairdressing salon

26. 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

27. What is a trial balance?

- A. A statement of assets and liabilities on a particular date
- B. A statement of income and expenditure for a particular period
- C. A statement of ledger balances on a particular date
- D. A statement of profit or loss for a particular period

28. Nameerah bought goods on credit from Samiya. The goods were unsuitable and Nameerah returned them to Samiya.

Which document did Nameerah send to Samiya?

- A. Credit note
- B. Debit note
- C. Invoice
- D. Statement of account

29. Which group only contains non-current (fixed) assets?

- A. Fixtures, machinery, equipment and trade receivables
- B. Fixtures, machinery, loans and trade receivables
- C. Machinery, premises, fixtures and inventory
- D. Land, machinery, premises and vehicles

30. A cash discount is best described as a reduction in the sum to be paid

- A. if payment is made by cash, not cheque
- B. if payment is made either by cash or cheque
- C. if purchases are made for cash, not on credit
- D. if payment is made within a previously agreed period