

Cambridge C Level +70+ Syllabus

# ACCOUNTING

## TOPICAL PAPER %

for Cambridge 202%and cbk Uf Xg Exams

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2005-2021 | All variants

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# **Topic 1**

# **Accounting Basic, Day Books, and Ledger Account**



7110/01/M/J/05/Q1

1 What is the correct entry for office furniture bought on credit from X?

	account to be debited	account to be credited
<b>A</b>	bank	office furniture
<b>B</b>	office furniture	bank
<b>C</b>	office furniture	X
<b>D</b>	X	office furniture

2 What is the purpose of a credit note?

7110/01/M/J/05/Q2

- A** to allow for cash discount                      **C** to increase the amount due on an invoice  
**B** to ask for payment in advance                **D** to reduce the amount payable on an invoice

3 Which is part of the double entry system?

7110/01/M/J/05/Q3

- A** cash book    **C** sales journal  
**B** general journal                                    **D** trial balance

4 A business maintains a full set of books of prime entry.

7110/01/M/J/05/Q4

Which book is written up from credit notes received?

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

5 A business keeps a three column cash book.

7110/01/M/J/05/Q6

How is the total of the discount column on the debit side posted?

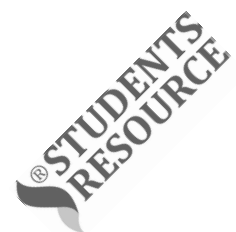
- A** credit discount allowed account            **C** debit discount allowed account  
**B** credit discount received account        **D** debit discount received account

7110/01/M/J/05/Q8

6 A business discovers that cash received from X, a credit customer, has been recorded as a cash sale.

How can this be corrected?

	account to be debited	account to be credited
<b>A</b>	cash	X
<b>B</b>	sales	X
<b>C</b>	X	cash
<b>D</b>	X	sales



7110/01/M/J/05/Q9

7 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

7110/01/M/J/05/Q10

8 Which is a personal account?

- A debtor    C plant and machinery  
 B office computers                                      D wages

7110/01/M/J/05/Q11

9 What is a statement of ledger balances on a particular date?

- A Balance Sheet                                      C Trading Account  
 B Profit and Loss Account                                      D Trial Balance

7110/01/M/J/05/Q26

10 The balance on the bank account in a cash book is \$1200 credit.

How is this shown in the Balance Sheet?

- A as a current asset                                      C as a long-term liability  
 B as a current liability                                      D as owner’s drawings

7110/01/M/J/05/Q27

11 A trader has a capital of \$24 400. His fixed assets are \$16 100 and his current liabilities are \$4500. There are no long-term liabilities.

What is the amount of his current assets?

- A \$8300                      B \$11 600                      C \$12 800                      D \$28 900

7110/01/O/N/05/Q1

12 X keeps a full set of books of account.

Where will the purchases account appear?

- A general journal                                      C purchases journal  
 B general ledger                                      D purchases ledger

7110/01/O/N/05/Q2

13 Which source document is used to make an entry in the purchases returns journal?

- A credit note issued by the business                      C invoice issued by the business  
 B credit note issued by the supplier                      D invoice issued by the supplier

7110/01/O/N/05/Q3

14 What is true about cash discounts received?

	they are recorded in cash book	they increase net profit
A	✓	✓
B	✓	x
C	x	✓
D	x	x



7110/01/O/N/05/Q4

- 15 Which is entered in the purchases journal?  
**A** invoices from suppliers                      **C** payments from customers  
**B** invoices to customers                         **D** payments to suppliers

7110/01/O/N/05/Q5

- 16 What is a cash book?

	a book of prime entry	a ledger account
<b>A</b>	yes	no
<b>B</b>	no	yes
<b>C</b>	yes	yes
<b>D</b>	no	no

7110/01/O/N/05/Q8

- 17 Bob returns goods bought on credit from Tariq.  
 Which ledger account entries record this in Tariq's books?

	debit	credit
<b>A</b>	Bob	sales returns
<b>B</b>	Bob	purchases returns
<b>C</b>	sales returns	Bob
<b>D</b>	purchases returns	Bob

7110/01/O/N/05/Q9

- 18 Leech owes Smith \$50. He pays by cheque after deducting a 10% cash discount.  
 What is the entry in Smith's books?

	account to be debited	\$	account to be credited	\$
<b>A</b>	bank	50	Leech	50
<b>B</b>	Leech	50	bank	50
<b>C</b>	bank	45	Leech	50
	discount	5		
<b>D</b>	Leech	50	bank	45
			discount	5

7110/01/M/J/06/Q1

- 19 A cheque has been received from X, a debtor.  
 How is this transaction recorded in the books?

	account debited	account credited
<b>A</b>	bank	X
<b>B</b>	X	bank
<b>C</b>	sales	X
<b>D</b>	X	sales





20 What would a business use to pay for goods? 7110/01/M/J/06/Q2  
**A** cheque            **B** invoice            **C** receipt            **D** statement of account

21 What is entered in a business’s general journal? 7110/01/M/J/06/Q3  
**A** purchase of a new motor vehicle on credit  
**B** return of faulty goods by a credit customer  
**C** standing order for payment of insurance premium  
**D** transfer of surplus office cash into the bank

22 What is credited in the cash book? 7110/01/M/J/06/Q5  
**A** bank charges                                    **C** discounts allowed  
**B** cheques received                              **D** trade discount

23 How is a trader's bank overdraft shown? 7110/01/M/J/06/Q6

	in cash book	in Balance Sheet
<b>A</b>	credit balance	current asset
<b>B</b>	credit balance	current liability
<b>C</b>	debit balance	current asset
<b>D</b>	debit balance	current liability

24 In Tony's ledger, Gordon's account shows a debit balance of \$5000. 7110/01/M/J/06/Q7  
 What does this mean?  
**A** Gordon has paid Tony \$5000            **C** Tony has paid Gordon \$5000  
**B** Gordon owes Tony \$5000                **D** Tony owes Gordon \$5000

25 A business buys goods on credit. 7110/01/M/J/06/Q8  
 Which entries should be made?

	account debited	account credited
<b>A</b>	bank	purchases
<b>B</b>	purchases	bank
<b>C</b>	purchases	supplier
<b>D</b>	supplier	purchases

26 Which statement is correct? 7110/01/O/N/06/Q1  
**A** An asset is always a credit entry.            **C** An expense is always a debit entry.  
**B** An expense is always a credit entry.        **D** A liability is always a debit entry.

27 X receives a credit note from one of his suppliers. 7110/01/O/N/06/Q1  
 How would X record this?

	account to be debited	account to be credited
<b>A</b>	purchases	supplier
<b>B</b>	purchases returns	supplier
<b>C</b>	supplier	purchases
<b>D</b>	supplier	purchases returns



7110/01/O/N/06/Q3

- 28** X purchases goods on credit from Y.  
How will Y record this?

	book of prime entry	account to be debited	account to be credited
<b>A</b>	purchases	purchases	Y
<b>B</b>	purchases	Y	purchases
<b>C</b>	sales	sales	X
<b>D</b>	sales	X	sales

7110/01/O/N/06/Q4

- 29** A company purchased goods costing \$4000 and was allowed a trade discount of 10%.  
A cash discount of 2½ % 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

7110/01/O/N/06/Q6

- 30** A business keeps a three column cash book.  
Where is the total of the discount column on the credit side posted?

- A** to the credit side of discounts allowed account  
**B** to the credit side of discounts received account  
**C** to the debit side of discounts allowed account  
**D** to the debit side of discounts received account

- 31** Which transaction is entered in the general journal?

7110/01/O/N/06/Q9

- A** cash paid to supplier      **C** machinery bought on credit  
**B** cash received from customer      **D** stock bought on credit

- 32** In a business's books, the ledger account of Khan has a debit balance of \$900.

7110/01/O/N/06/Q10

What does this mean?

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

- 33** On 1 August Lim owes his suppliers \$16 000.

7110/01/O/N/06/Q11

The purchases journal for August totalled \$25 000. Payments to suppliers during the month amounted to \$27 000. There were no cash purchases.

How much is owed by Lim to his suppliers on 31 August?

- A** \$2000      **B** \$14 000      **C** \$18 000      **D** \$52 000

- 34** Which is a fixed asset?

7110/01/O/N/06/Q28

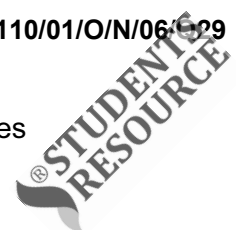
- A** bank balance      **B** debtors      **C** motor vehicles      **D** prepayments

- 35** P. Smith is making a list of his assets and liabilities.

7110/01/O/N/06/Q29

Which is a liability?

- A** computer      **B** creditors      **C** loan to J. Jones      **D** premises



7110/01/M/J/07/Q1

- 36** A business bought a computer for the office and paid by cheque. How will the business record the transaction?

	account to be debited	account to be credited
<b>A</b>	bank	office equipment
<b>B</b>	office equipment	bank
<b>C</b>	bank	purchases
<b>D</b>	purchases	bank

7110/01/M/J/07/Q2

- 37** Harvey buys goods on credit from Janet. The goods are unsuitable and Harvey returns them to Janet.

Which document does Harvey send to Janet?

- A** credit note      **B** debit note      **C** invoice      **D** statement of account

7110/01/M/J/07/Q3

- 38** Powell returns goods purchased on credit from Wilson.

Where will this transaction be entered in Wilson's books?

	book of prime entry	account debited	account credited
<b>A</b>	sales journal	Powell	sales
<b>B</b>	sales journal	sales	Powell
<b>C</b>	sales returns journal	Powell	sales returns
<b>D</b>	sales returns journal	sales returns	Powell

- 39** A business purchases a new motor vehicle on credit.

7110/01/M/J/07/Q4

Which book of prime entry is used to record this transaction?

- A** cash book      **B** general journal      **C** purchases journal      **D** sales journal

7110/01/M/J/07/Q5

- 40** On 15 February Leila sold goods to Yasmin with a list price of \$3600. The goods were subject to a trade discount of 15 % and a cash discount of 5 % for settlement within 28 days. Yasmin paid on 20 May.

How much did Leila receive for the goods?

- A** \$2880      **B** \$2907      **C** \$3060      **D** \$3600

- 41** Which is a debit balance?

7110/01/M/J/07/Q9

- A** accrual      **B** asset      **C** liability      **D** revenue

- 42** In Smith's books the ledger account of Brown shows a credit balance of \$1200.

7110/01/M/J/07/Q10

What does this mean?

- A** Brown bought goods, \$1200, from Smith.      **C** Smith has paid \$1200 to Brown.  
**B** Brown owes Smith \$1200.      **D** Smith owes Brown \$1200.

- 43** Which transaction is recorded in the purchases ledger?

7110/01/O/N/07/Q1

- A** cash purchases      **C** cheque received from a debtor  
**B** cheque paid to a creditor      **D** purchase of fixed assets

- 44** Which document is sent to a buyer when he returns goods to a supplier?

7110/01/O/N/07/Q2

- A** credit note      **C** invoice  
**B** debit note      **D** receipt



- 45** Smith returns goods purchased on credit from Jones. 7110/01/O/N/07/Q3  
Where will this transaction be entered in Smith's books?

	book of prime entry	account debited	account credited
<b>A</b>	purchases	Jones	purchases
<b>B</b>	purchases	purchases	Jones
<b>C</b>	purchases returns	Jones	purchases returns
<b>D</b>	purchases returns	purchases returns	Jones

- 46** Sally buys goods and is allowed a discount for early payment. 7110/01/O/N/07/Q4  
How will Sally record this discount?

	account to be debited	account to be credited
<b>A</b>	discount allowed	supplier
<b>B</b>	discount received	supplier
<b>C</b>	supplier	discount allowed
<b>D</b>	supplier	discount received

- 47** On 1 September, Wayne sent a cheque to his creditor, John. This was correctly entered in John's books. On 10 September the cheque was returned unpaid due to lack of funds. 7110/01/O/N/07/Q5  
What entries will be made in John's books on 10 September?

	account to be debited	account to be credited
<b>A</b>	bad debts	bank
<b>B</b>	bank	bad debts
<b>C</b>	bank	Wayne
<b>D</b>	Wayne	bank

- 48** Which account usually has a credit balance? 7110/01/O/N/07/Q8

**A** capital                      **B** cash                      **C** motor vehicles                      **D** purchases

- 49** Carl is a customer of Jason. The balance on Carl's account in Jason's books is \$200 debit. 7110/01/O/N/07/Q9  
Carl sends Jason a cheque for \$50.

What is the balance on Carl's account after this transaction?

**A** \$150 credit                      **B** \$150 debit                      **C** \$250 credit                      **D** \$250 debit

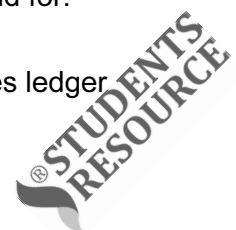
- 50** Which increases owner's capital? 7110/01/M/J/08/Q2

**A** bank loan extended from five to ten years                      **B** purchase of machinery by cheque  
**C** purchase of stock on credit                      **D** transfer of vehicle to business from private use

- 51** Anna keeps a full set of accounting records. 7110/01/M/J/08/Q3

Goods purchased by Anna from Winston were returned before they were paid for.  
Where will Anna record the return of goods?

**A** cash book and purchases ledger                      **C** general ledger and purchases ledger  
**B** general ledger only                      **D** purchases ledger only



7110/11/M/J/15/Q4

- 52 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 goods are received damaged.

7110/01/M/J/08/Q5

- 53 Omar has received the following business documents from Ali, a supplier.

		\$
October 5	invoice	650
October 10	invoice	120
October 12	credit note	150
October 22	invoice	230
November 4	invoice	790

There was no opening balance on Ali's account and Omar made no payments to Ali during October.

What was the balance on the supplier's statement of account at 31 October?

- 54 Which is both a book of prime entry and a ledger account?
- A cash book
  - B general journal
  - C purchases journal
  - D sales journal

7110/01/M/J/08/Q6

- 55 A trader posts the total of her purchases returns journal to the ledger at the end of each month. On 31 January 2008 the purchases returns journal showed the following totals.

7110/01/M/J/08/Q7

	gross	trade discount	net
2008	\$	\$	\$
Jan 31 totals for month	1200	240	960

Which entry should be made in the purchases returns account on 31 January 2008?

- 56 Joe is owed \$500 by a customer. How does this appear in Joe's books?

7110/01/M/J/08/Q11

	balance in customer's account		balance sheet	
	dr	cr	current asset	current liability
A	✓			✓
B		✓		✓
C	✓		✓	
D		✓	✓	

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

7110/01/M/J/08/Q12



7110/01/O/N/08/Q2

- 58 What is the accounting equation?  
**A** assets – liabilities = capital                      **C** liabilities – assets = capital  
**B** assets + liabilities = capital                      **D** liabilities – capital = assets

7110/01/O/N/08/Q3

- 59 Winston sold goods on credit to Leroy.  
 What entries should Winston make in his ledgers?

	sales ledger	general ledger
<b>A</b>	credit Leroy	debit sales
<b>B</b>	credit sales	debit Leroy
<b>C</b>	debit Leroy	credit sales
<b>D</b>	debit sales	credit Leroy

7110/01/O/N/08/Q4

- 60 Omar sends a credit note to Miriam for goods returned.  
 How will Miriam record the transaction?

	account to be debited	account to be credited
<b>A</b>	purchases returns	Omar
<b>B</b>	sales returns	Miriam
<b>C</b>	Omar	purchases returns
<b>D</b>	Miriam	sales returns

- 61 Patel sent the following documents to Singh in September. 7110/01/O/N/08/Q5

invoice	goods, \$1200, less trade discount of 10%
credit note	goods, \$160, less trade discount of 10%

Singh paid a cheque in settlement.  
 What was the amount of the cheque?

- A** \$920                      **B** \$936                      **C** \$1040                      **D** \$1056 7110/01/O/N/08/Q6

- 62 How many of the following transactions should be recorded in the general journal?  
 credit purchase of a fixed asset                      goods taken by owner for personal use  
 credit sale of goods    writing off a bad debt

- A** 1 transaction                      **B** 2 transactions                      **C** 3 transactions                      **D** 4 transactions 7110/01/O/N/08/Q8

- 63 A supplier’s account in a customer’s books has a credit balance of \$8000.  
 What does this mean?

- A** The customer has paid the supplier \$8000.                      **C** The supplier has paid \$8000.  
**B** The customer owes the supplier \$8000.                      **D** The supplier owes \$8000. 7110/01/M/J/09/Q1

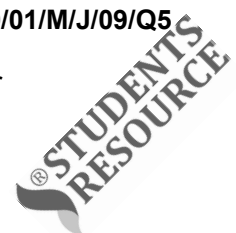
- 64 Which **best** describes the assets of a business?

- A** cash and items that should turn into cash in the near future  
**B** cash invested by the owner of the business  
**C** items bought for long term use by the business  
**D** items owing to or owned by the business

7110/01/M/J/09/Q5

- 65 Which is recorded in the purchases ledger?

- A** cash paid to a creditor                      **C** cheque received from a debtor  
**B** cash purchases                      **D** purchase of fixed assets



66 A business maintains a full set of books of prime entry. Which book is written up from credit notes received? 7110/01/M/J/09/Q6

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

67 Khan bought goods for \$220, less 20 % trade discount, on credit from Aziz. Khan later returned half of these goods. Aziz entered the returns in his sales returns journal. 7110/01/M/J/09/Q7

How will Aziz post this transaction to Khan’s ledger account?  
A credit \$88    B debit \$88    C credit \$110    D debit \$110

68 A business keeps a three column cash book. How is the total of the discount column on the debit side posted? 7110/01/M/J/09/Q9

- A credit discount allowed account
- B credit discount received account
- C debit discount allowed account
- D debit discount received account

69 The following account appears in the ledger of Melissa. 7110/01/M/J/09/Q12  
Julia account

2008		\$	2008		\$
Jan 1	sales	100	Jan 14	bank	95
19	sales	50	Dec 31	discount	5
				bad debts	50
		150			150

Which statement is correct?

- A On 14 January Julia allowed Melissa trade discount.
- B On 14 January Melissa allowed Julia trade discount.
- C On 31 December Julia wrote off Melissa’s account.
- D On 31 December Melissa wrote off Julia’s account.

70 What is a trial balance? 7110/01/M/J/09/Q13

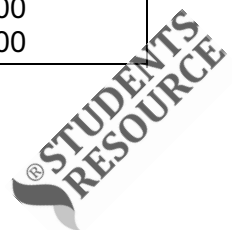
- A a list of balances remaining on the books of a business on a certain date
- B a statement of the assets, liabilities and capital of a business on a certain date
- C a statement showing the profit made by a business for a financial period
- D a summary of the trading transactions of a business for a financial period

71 Javed had the following assets and liabilities. 7110/01/O/N/09/Q2

What was Javed’s capital?

	\$
equipment	10 000
motor vehicle	8 000
bank balance	2 000 credit
amount owing to suppliers	4 000
amount owing by customers	5 000
stock	6 000
loan to Davinder	3 000

- A \$20 000
- B \$24 000
- C \$26 000
- D \$30 000



**72** Tony owns a bookshop. He sells a book to Susie who pays cash.  
How will Tony record this transaction?

7110/01/O/N/09/Q3

	account to be debited	account to be credited
<b>A</b>	cash	sales
<b>B</b>	cash	Susie
<b>C</b>	sales	cash
<b>D</b>	Susie	sales

**73** Dipankar often trades with Ashok.  
In which order would the following documents be issued?

7110/01/O/N/09/Q4

- A** cheque, credit note, invoice, receipt      **C** invoice, credit note, cheque, receipt  
**B** credit note, receipt, invoice, cheque      **D** receipt, cheque, invoice, credit note

**74** Which is entered in the general journal?

7110/01/O/N/09/Q5

- A** cash payment to an employee for expenses      **C** credit purchase of goods for resale  
**B** correction of an error      **D** return of goods by a customer

**75** Sally supplies goods to Jake.  
In Sally's books the account of Jake shows a debit balance of \$350.  
Jake sends Sally a cheque for \$75.  
What is the balance on Jake's account after this transaction?

7110/01/O/N/09/Q8

- A** \$275 debit      **B** \$275 credit      **C** \$425 debit      **D** \$425 credit

**76** Which will appear in the credit column of a trial balance?

7110/01/O/N/09/Q9

- A** cash at bank      **B** cash in hand      **C** discounts allowed      **D** discounts received

**77** What is the accounting equation?

7110/12/M/J/10/Q1

- A** assets + liabilities = capital      **C** capital + assets = liabilities  
**B** assets – liabilities = capital      **D** capital – assets = liabilities

**78** Zafar returns goods bought on credit from Khalid.  
How is this recorded in Zafar's books?

7110/12/M/J/10/Q2

	account to be debited	account to be credited
<b>A</b>	Khalid	purchases returns
<b>B</b>	Khalid	sales returns
<b>C</b>	purchases returns	Khalid
<b>D</b>	sales returns	Khalid

7110/12/M/J/10/Q3

**79** Which is recorded in the sales ledger?

- A** cash sales      **C** cheque received from a debtor  
**B** cheque paid to a creditor      **D** sale of fixed assets

7110/12/M/J/10/Q4

**80** 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





7110/12/M/J/10/Q6

- 81** Which is entered in a business's general journal?  
**A** purchase of a new motor vehicle on credit  
**B** return of faulty goods by a credit customer  
**C** standing order for payment of insurance premium  
**D** transfer of surplus office cash into the bank

7110/12/M/J/10/Q7

- 82** A trader prepares a ledger account using the running balance method. Which statement is correct?  
**A** The balance is shown after each transaction.  
**B** The balance is shown only at the month end.  
**C** There are fewer calculations than in a traditional 'T' account.  
**D** This method is not suitable for computerised accounts.

7110/12/M/J/10/Q8

- 83** On 1 March a business owed its suppliers \$9500. During March the following transactions took place.

	\$
goods purchased on credit	10 000
goods returned to suppliers	200
cheques paid to suppliers	8900
cash discounts received	100

How much did the business owe its suppliers on 31 March?

- A** \$800                      **B** \$1000                      **C** \$10 300                      **D** \$10 500

7110/01/O/N/10/Q3

- 84** A customer returns goods to a supplier. How does the supplier record this in his ledger?

	account to be debited	account to be credited
<b>A</b>	customer	purchases returns
<b>B</b>	customer	sales returns
<b>C</b>	purchases returns	customer
<b>D</b>	sales returns	customer

7110/01/O/N/10/Q4

- 85** Which transaction is recorded in the purchases ledger?  
**A** cash purchases                      **C** cheque received from a debtor  
**B** cheque paid to a creditor                      **D** purchase of non-current (fixed) assets

7110/01/O/N/10/Q5

- 86** Which document may be sent by a purchaser to a supplier when damaged goods are returned?  
**A** credit note                      **B** debit note                      **C** invoice                      **D** statement of account

7110/01/O/N/10/Q6

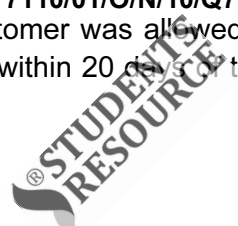
- 87** Where is the total of the purchases journal posted?  
**A** credit income statement (trading account)                      **C** credit purchases account  
**B** debit income statement (trading account)                      **D** debit purchases account

7110/01/O/N/10/Q7

- 88** Wayne sold goods with a list price of \$5000 to a credit customer. The customer was allowed a 5 % trade discount and a further  $2\frac{1}{2}$  % cash discount if payment was made within 20 days of the invoice date.

How much did Wayne credit to his sales account?

- A** \$4625                      **B** \$4631                      **C** \$4750                      **D** \$4875



- 89** The totals of the discount columns in a trader’s cash book were as follows. 7110/01/O/N/10/Q8  
 \$200 debit  
 \$150 credit  
 Which entry did the trader make in the discount allowed account?  
**A** \$150 credit    **B** \$150 debit    **C** \$200 credit    **D** \$200 debit

- 90** The following incomplete account appears in Singh’s sales ledger. 7110/01/O/N/10/Q11  
 Bashir account

2010		debit \$	credit \$	balance \$
June 1	Balance			800 dr
5	Sales	620		?
12	Sales returns		30	?
29	Bank		800	?

- What was the balance on Bashir’s account on 30 June?  
**A** \$590 credit    **B** \$590 debit    **C** \$1010 credit    **D** \$1010 debit
- 91** Businesses make use of both book-keeping and accounting procedures. 7110/12/M/J/11/Q2  
 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 summarise the financial position of the business

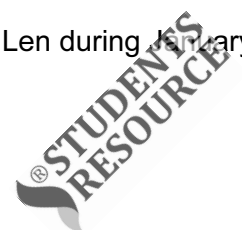
- 92** Which would be recorded by a credit entry in an account? 7110/12/M/J/11/Q3  
**A** a decrease in capital    **C** an increase in assets  
**B** a decrease in liabilities    **D** an increase in capital

- 93** Which is the accounting equation? 7110/12/M/J/11/Q5  
**A** assets – current liabilities = owner’s equity (capital)  
**B** assets – liabilities = owner’s equity (capital)  
**C** current assets – current liabilities = owner’s equity (capital)  
**D** non-current assets – liabilities = owner’s equity (capital)

- 94** Wayne has sent the following business documents to Len, a customer. 7110/12/M/J/11/Q6

	\$
Jan 1 invoice	250
Jan 12 invoice	370
Jan 14 credit note	90
Jan 18 invoice	480
Feb 2 invoice	670

- There was no opening balance on Len’s account and no payments made by Len during January.  
 What is the amount to be paid by Len to clear his January account?  
**A** \$1010    **B** \$1190    **C** \$1680    **D** \$1860



7110/12/M/J/11/Q7

**95** Which document is issued to a customer to show all the transactions that have taken place during a month?

- A** credit note      **B** invoice      **C** receipt      **D** statement

7110/12/M/J/11/Q8

**96** Hassan maintains a sales journal, purchases journal, sales returns journal and a purchases returns journal.

At the end of his first month's trading, Hassan transfers the total of each of these journals to the general ledger.

Which entries will Hassan make in his general ledger to record these totals?

	account to be debited	account to be credited
<b>A</b>	purchases returns sales	purchases sales returns
<b>B</b>	purchases returns sales returns	purchases sales
<b>C</b>	purchases sales	purchases returns sales returns
<b>D</b>	purchases sales returns	purchases returns sales

7110/12/M/J/11/Q9

**97** Jane, a trader, withdrew \$50 from the business bank account for office use. How is this recorded in Jane's books?

	account to be debited	account to be credited
<b>A</b>	bank	cash
<b>B</b>	bank	drawings
<b>C</b>	cash	bank
<b>D</b>	drawings	bank

7110/12/M/J/11/Q10

**98** Ann is a trader. On 1 April 2011 Cindy's account in Ann's ledger showed a credit balance of \$520. The following transactions took place during April 2011.

April 2 Ann returned goods, \$30, to Cindy

14 Ann bought goods, \$210, from Cindy, and paid in cash

Which statement is true about the balance on Cindy's account in Ann's ledger on 30 April 2011?

- A** Ann owes Cindy \$490.      **C** Cindy owes Ann \$490.  
**B** Ann owes Cindy \$700.      **D** Cindy owes Ann \$700.



99 Melanie provided the following information at the end of her financial year.

7110/12/M/J/11/Q10

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

What was Melanie's capital?

- A \$12 160      B \$15 110      C \$15 910      D \$16 640

100 Eli buys goods on credit from Mona.

7110/12/O/N/11/Q3

What entries should Eli make in his ledgers?

	general ledger	purchases ledger
<b>A</b>	credit Mona	debit purchases
<b>B</b>	credit purchases	debit Mona
<b>C</b>	debit Mona	credit purchases
<b>D</b>	debit purchases	credit Mona

101 Raoul trades with Christine. They exchange the following documents.

7110/12/O/N/11/Q4

Which document would normally be issued first?

- A credit note      B debit note      C invoice      D statement

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

7110/12/O/N/11/Q5

trade discount      25 %  
cash discount      5 %

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

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

103 There is a credit balance of \$100 on Yasmin's account in Shula's purchases ledger.

7110/12/O/N/11/Q10

What does this mean?

- A Shula owes \$100 to Yasmin  
B Shula has returned goods, \$100, to Yasmin  
C Yasmin has paid \$100 to Shula  
D Yasmin owes \$100 to Shula

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

7110/11/M/J/12/Q1

- 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

