

Sole Traders (Without Adjustments)

- 1 The following balances were extracted from Sabeena's books on 31 December.

	\$
non-current assets	65 000
current assets	13 000
current liabilities	9 000
non-current liabilities	7 000

What was the capital employed?

- A** \$62 000 **B** \$68 000 **C** \$69 000 **D** \$76 000
- 2 Which section of a statement of financial position would include goodwill?
- A** current assets
B current liabilities
C non-current assets
D non-current liabilities
- 3 Which items are used to calculate cost of goods sold?
- A** carriage on purchases, carriage on sales, net purchases, opening inventory
B carriage on purchases, closing inventory, net purchases, opening inventory
C carriage on sales, closing inventory, net purchases, opening inventory
D carriage on sales, closing inventory, net purchases, sales returns
- 4 Hossam took out a 5-year bank loan on 1 January 2018. All of the money borrowed was used to purchase a delivery van.

Under which heading will these items be shown in Hossam's statement of financial position on 31 March 2018?

	bank loan	delivery van
A	current liability	current asset
B	current liability	non-current asset
C	non-current liability	current asset
D	non-current liability	non-current asset

5 Which businesses do **not** prepare a trading account section of an income statement?

- 1 furniture store
- 2 gym
- 3 newsagent
- 4 toy shop
- 5 window-cleaner

- A** 1 and 2 **B** 2 and 5 **C** 3 and 4 **D** 3 and 5

6 Michael's financial year ends on 31 August.

On 30 August 2018 he purchased a motor vehicle using a bank loan which is repayable on 30 August 2020.

On 31 August 2018 Michael had a bank overdraft.

In which sections of Michael's statement of financial position on 31 August 2018 did these items appear?

	motor vehicle	bank loan	bank overdraft
A	current asset	current liability	non-current liability
B	current asset	non-current liability	current liability
C	non-current asset	current liability	non-current liability
D	non-current asset	non-current liability	current liability

7 Which is an intangible asset?

- A** buildings
- B** goodwill
- C** inventory
- D** trade receivables

8 A business has no non-current liabilities.

What is added to the non-current assets in order to calculate the capital employed?

- A** current assets
- B** current liabilities
- C** owner's capital
- D** working capital

9 David provided the following information.

	\$
capital employed	435 000
non-current assets	200 000
current liabilities	124 000

What was the total of his current assets?

- A** \$235 000 **B** \$359 000 **C** \$559 000 **D** \$759 000

10 How is owner's equity calculated?

- A** non-current assets + current assets – current liabilities – non-current liabilities
B non-current assets + current assets + current liabilities + non-current liabilities
C non-current assets – current assets – current liabilities – non-current liabilities
D non-current assets – current assets + current liabilities + non-current liabilities

11 A trader provided the following information.

	\$
non-current assets	137 000
current assets	44 500
current liabilities	18 000
non-current liabilities	15 500

What was the capital employed?

- A** \$110 500 **B** \$148 000 **C** \$163 500 **D** \$179 000

12 How is working capital calculated?

- A** current assets – current liabilities
B current assets – total liabilities
C non-current assets – current liabilities
D non-current assets – total liabilities

13 How is the profit for the year calculated?

- A** gross profit + other income + expenses
B gross profit + other income – expenses
C gross profit – other income + expenses
D gross profit – other income – expenses

- 14 How are current liabilities calculated?
- A non-current assets + current assets + capital owned + non-current liabilities
 - B non-current assets + current assets – capital owned – non-current liabilities
 - C non-current assets – current assets + capital owned + non-current liabilities
 - D non-current assets – current assets – capital owned – non-current liabilities

15 Ram provided the following information on 31 December 2014.

	\$		\$
total assets	30 400	capital	20 000
		profit for the year	6 000
		drawings	<u>(4 500)</u>
			21 500
	<u>30 400</u>	long-term loan	<u>8 900</u>
			<u>30 400</u>

How much were the owner's capital and capital employed on 31 December 2014?

	owner's capital \$	capital employed \$
A	20 000	21 500
B	20 000	30 400
C	21 500	20 000
D	21 500	30 400

16 On 1 January 2014 Bill started a gardening business. He provided the following information for the year ended 31 December 2014.

	\$
receipts from customers	19 500
van expenses	280
garden machinery expenses	150
general expenses	6 000
cash drawings	10 000

On 31 December 2014 customers owed Bill \$1720.

What was Bill's profit for the year?

- A \$3070
- B \$4790
- C \$13 070
- D \$14 790

17 A trader provided the following information.

	\$
non-current assets	40 000
inventory	10 000
trade receivables	8 000
cash at bank	15 000
trade payables	20 000
long-term loan	12 000

What was the working capital?

- A** \$1000 **B** \$13 000 **C** \$41 000 **D** \$53 000

18 What is prepared to show the trading results for a financial year?

- A** capital account
B income statement
C statement of financial position
D trial balance

19 Candy purchased a motor vehicle. She also paid for the cost of delivering the vehicle, insurance and fuel for the vehicle.

Which would be included in Candy's income statement?

- A** delivery cost, fuel, insurance
B delivery cost, fuel, insurance, motor vehicle
C delivery cost, motor vehicle
D fuel, insurance

20 Which statement describes a non-current asset?

- A** It can be turned into cash relatively easily.
B It is acquired for use rather than re-sale.
C It is a short-term asset.
D Its value is frequently changing.

- 21 On which side of the following accounts would an entry be made to transfer the total of the account to the income statement at the end of the financial year?

	sales account		carriage inwards account		purchases returns account	
	debit	credit	debit	credit	debit	credit
A	✓		✓		✓	
B	✓			✓	✓	
C		✓	✓			✓
D		✓		✓		✓

- 22 Which affects both gross profit and net profit?

- A** carriage inwards
- B** carriage outwards
- C** discount allowed
- D** discount received

- 23 How is capital employed calculated?

- A** capital – non-current liabilities
- B** capital + non-current liabilities
- C** capital – non-current assets
- D** capital + non-current assets

- 24 Sabena is a trader. She provided the following information.

	\$
current assets	130 000
non-current assets	300 000
current liabilities	70 000
non-current liabilities	150 000

What was the equity?

- A** \$60 000
- B** \$210 000
- C** \$360 000
- D** \$430 000