

Sole Traders

1 Which group contains only assets?

- A accrued wages, inventory, trade payables
- B cash, machinery, rent receivable accrued
- C bank loan, drawings, office fixtures and fittings
- D bank overdraft, prepaid insurance, trade receivables

[1]

2 Which is an intangible asset?

- A goodwill
- B inventory
- C office fixtures
- D trade receivables

[1]

3 Which group contains an intangible asset?

- A bank, trade payables, fixtures
- B bank loan, trade receivables, motor vehicles
- C bank overdraft, cash, goodwill
- D mortgage, premises, inventory

[1]

4 Which is a non-current liability?

- A bank loan repayable in five years
- B bank overdraft repayable in six months
- C freehold property
- D trade payables

[1]

- 5 Ann's statement of financial position includes the following:
- 1 an amount paid by Ann for a service which has not yet been received
 - 2 an amount received by Ann for a service which Ann has not yet provided
 - 3 the value of a service received by Ann for which payment has not yet been made

Which item(s) are included in 'other payables'?

- | | | | |
|----------|---------|--------------------------|-----|
| A | 1 and 2 | <input type="checkbox"/> | |
| B | 1 only | <input type="checkbox"/> | |
| C | 2 and 3 | <input type="checkbox"/> | |
| D | 3 only | <input type="checkbox"/> | [1] |

- 6 Why is an income statement prepared?

- | | | | |
|----------|--|--------------------------|-----|
| A | to account for the revenues and costs of a period | <input type="checkbox"/> | |
| B | to calculate the surplus or deficit of an organisation | <input type="checkbox"/> | |
| C | to list the ledger balances on a particular date | <input type="checkbox"/> | |
| D | to summarise the business bank account | <input type="checkbox"/> | [1] |

- 7 During 2015 John made a payment of \$1200 for insurance for the 12 months to 30 September 2016.

Which amount appeared in John's statement of financial position at 30 June 2016?

- | | | | |
|----------|-------------------------|--------------------------|-----|
| A | \$300 current asset | <input type="checkbox"/> | |
| B | \$300 current liability | <input type="checkbox"/> | |
| C | \$900 current asset | <input type="checkbox"/> | |
| D | \$900 current liability | <input type="checkbox"/> | [1] |

- 8 A statement of financial position showed non-current assets, current assets, current liabilities and non-current liabilities.

What equals owner's capital?

- | | | | |
|----------|--------------------------------------|--------------------------|-----|
| A | current assets – current liabilities | <input type="checkbox"/> | |
| B | non-current assets | <input type="checkbox"/> | |
| C | total assets – current liabilities | <input type="checkbox"/> | |
| D | total assets – total liabilities | <input type="checkbox"/> | [1] |

9 A business provided the following information.

	\$
revenue (sales)	10 000
purchases	8 000
opening inventory	1 000
closing inventory	1 500
sales returns	200
purchases returns	300

What was the cost of sales?

- A \$2000
- B \$2100
- C \$7200
- D \$8200

[1]

10 The following information is provided.

	\$
revenue	220 000
purchases	130 000
opening inventory	10 000
closing inventory	12 000

What is the cost of goods sold?

- A \$90 000
- B \$92 000
- C \$128 000
- D \$132 000

[1]

11 Amina lists her current assets in order of liquidity.

In which order will the current assets appear?

A bank, cash, inventory, trade receivables

B cash, bank, trade receivables, inventory

C inventory, trade receivables, bank, cash

D trade receivables, inventory, bank, cash

[1]

12 Which would appear in an income statement?

A bank overdraft

B capital introduced

C motor vehicle expenses

D trade receivables

[1]

13 Which is a current liability for a business?

A accrued interest charges on loan from bank

B provision for depreciation of non-current assets

C five-year loan from bank

D insurance premium prepaid

[1]

14 Which is a current asset?

A accrued wages

B bank loan

C motor vehicles at cost

D prepaid insurance

[1]

15 Susan receives a cheque from a tenant on 10 December 2011. This is rent due to the business for the period 1 January to 31 March 2012.
How is this treated in Susan's financial statements for the year ended 31 December 2011?

- A accrued expense
- B accrued income
- C prepaid expense
- D prepaid income [1]

16 Which is **not** a current asset?

- A cash in hand
- B money owed by a customer
- C prepaid bill for electricity
- D unpaid invoice from a supplier [1]

17 Which group contains only tangible fixed assets?

- A bank, cash, trade receivables (debtors), inventory (stock)
- B bank, trade receivables (debtors), loan, prepaid expenses
- C equipment, goodwill, machinery, vehicles
- D equipment, machinery, premises, vehicles [1]

18 What is shown as a liability in a balance sheet?

- A bank overdraft
- B fixtures and fittings
- C inventory (stock)
- D prepaid rent [1]

- 19 What is an income statement (profit and loss account)?
- A** A list of all the assets and liabilities of a business at a particular date.
- B** A list of all the balances in the ledger accounts of a business at a particular date.
- C** A statement of receipts and payments of a business during a particular period.
- D** A summary of income and expenditure of a business during a particular period. [1]

20 Businesses use financial records to prepare financial statements (final accounts).

Which record is used in the preparation of the balance sheet?

- A** bank statement
- B** cash book
- C** purchases journal
- D** sales journal [1]

21 What is the effect of **not** including intangible assets on the balance sheet?

- A** overstate the value of the non-current (fixed) assets
- B** overstate the value of the working capital
- C** understate the value of the current assets
- D** understate the total value of the assets [1]

22 Which businesses are trading businesses and which are service businesses?

	trading business	service business
A	food retailer	hairdresser
B	food retailer and hairdresser	neither
C	hairdresser	food retailer
D	neither	food retailer and hairdresser

[1]

23 Which statement is correct?

A A service business can never sell goods.

B A service business does not aim to make a profit.

C A trading business aims to make a profit.

D A trading business never holds an inventory of goods.

[1]