

## The Introduction

1 A company provided the following information.

	\$
total assets	160 000
non-current assets	124 000
equity	92 000
non-current liabilities	45 000

What was the amount of working capital?

- A** \$13 000      **B** \$23 000      **C** \$79 000      **D** \$115 000

2 A customer paid a deposit in advance for goods to be supplied at a later date.

How should this be recorded in the seller's books?

	debit	credit
<b>A</b>	cash	customer
<b>B</b>	cash	sales
<b>C</b>	customer	cash
<b>D</b>	customer	sales

3 What would **not** be a purpose of ledger accounts?

- A** to assist in the preparation of the financial statements
- B** to assist in the preparation of the trial balance
- C** to record the double entry from the subsidiary books
- D** to verify the accuracy of the book-keeping system

4 A sole trader withdraws goods for his own use.

How does this affect his financial statements?

	income statement	statement of financial position
<b>A</b>	decrease closing inventories	decrease drawings
<b>B</b>	decrease cost of goods sold	increase drawings
<b>C</b>	increase cost of goods sold	decrease drawings
<b>D</b>	increase sales revenue	increase drawings

5 Henry received a credit note from a supplier. He treated this in error as an invoice received and entered it in his purchases journal.

When was the error revealed?

- A when Henry compared his cash book with his bank statement
- B when Henry compared his purchases ledger with statements of account received
- C when Henry prepared a purchases ledger control account
- D when Henry prepared a trial balance

6 The following information is available for the year ended 31 December 2016.

	\$
revenue	75 000
purchases	32 000
carriage inwards	5 400
carriage outwards	4 500
inventory at 1 January 2016	6 300
inventory at 31 December 2016	7 600

What was the gross profit for the year ended 31 December 2016?

- A \$36 300      B \$37 200      C \$38 900      D \$39 800

7 Which items will be debited to accounts in the purchases ledger?

- 1 discount allowed
- 2 payments to suppliers
- 3 purchases
- 4 purchases returns

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

8 A business has a bank balance of \$4800. It pays for materials invoiced at \$3000 less trade discount of 30% and cash discount of 10%. A cheque for \$450 is received from a customer.

What is the bank balance after these transactions?

- A \$2250      B \$2460      C \$3360      D \$3450