

- 1 Which list is a long-term source of additional funds for a limited company?
- A** bank loan, bonus issue of shares, debenture issue  
**B** bank loan, leasing of premises, rights issue of shares  
**C** bonus issue of shares, leasing of premises, trade credit  
**D** debenture issue, rights issue of shares, trade credit
- 2 Which statements describe advantages of maintaining full accounting records?
- 1 A more complete assessment of business performance is possible.  
 2 Book-keeping costs are minimised.  
 3 Business managers can make more informed decisions.  
 4 Financial statements will be free from errors and inaccuracies.
- A** 1 and 3      **B** 1 and 4      **C** 2 and 3      **D** 2 and 4
- 3 Maria recorded a cheque for \$475 received from Josh, a credit customer. Josh had deducted a 5% cash discount. The cheque has now been returned as dishonoured.

What is the correct entry to record the return of the cheque in Maria's books?

	debit	\$	credit	\$
<b>A</b>	bank	475	Josh	500
	discount received	25		
<b>B</b>	Josh	500	bank	475
			discount received	25
<b>C</b>	bank	475	Josh	500
	discount allowed	25		
<b>D</b>	Josh	500	bank	475
			discount allowed	25

- 4 A business purchased a shop and incurred the following costs.

	\$
purchase price of the shop	680 000
legal fees incurred in the purchase of the shop	7 200
cost of initial inventory	12 500
cost of installing air conditioning	47 300

What was the total capital expenditure?

- A** \$680 000      **B** \$687 200      **C** \$734 500      **D** \$747 000