

- 1 Which statement about sole traders is correct?
- A** They always trade by buying and selling goods.
- B** They do not employ any staff.
- C** They keep all their profit themselves.
- D** They maintain a retained earnings account.
- 2 Which source of finance would be available to a public limited company but **not** to a partnership?
- A** bank overdraft
- B** debentures
- C** leasing
- D** trade credit
- 3 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
- 4 Tom bought goods costing \$100 on credit from Sam. He returned goods costing \$20 as faulty. He deducted a cash discount and paid \$76 by cheque in full settlement.
- Which amounts were recorded in Tom's books of prime entry?

	purchases journal \$	purchases returns journal \$	three-column cash book (bank column) \$
A	80	0	76
B	80	0	80
C	100	20	76
D	100	20	80