

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 | \$ |
|----------|-------------------|-----|-------------------|-----|
| A | bank | 475 | Josh | 500 |
| | discount received | 25 | | |
| B | Josh | 500 | bank | 475 |
| | | | discount received | 25 |
| C | bank | 475 | Josh | 500 |
| | discount allowed | 25 | | |
| D | 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