

1 Which sources are external short-term sources of finance for a limited company?

- 1 bank overdraft
- 2 retained earnings
- 3 share capital
- 4 trade credit

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

2 A sole trader settles an account payable in full with her own money. This transaction has **not** been recorded.

What will be the effect when this is recorded?

- A** asset decreased and liability decreased
- B** asset increased and liability decreased
- C** liability decreased and capital increased
- D** liability increased and capital decreased

3 Sally had \$1000 in the bank when she paid \$1500 to buy goods for resale. The bank allowed the payment.

How was this transaction recorded in Sally's books of account?

	account debited	\$	account(s) credited	\$
<b>A</b>	inventory	1500	bank	1500
<b>B</b>	inventory	1500	bank	1000
			bank overdraft	500
<b>C</b>	purchases	1500	bank	1500
<b>D</b>	purchases	1500	bank	1000
			bank overdraft	500

4 Which items identify revenue expenditure and a capital receipt?

	revenue expenditure	capital receipt
<b>A</b>	carriage inward on a non-current asset	issue of debentures
<b>B</b>	commission received	proceeds from sale of non-current asset
<b>C</b>	discounts allowed	cash drawings
<b>D</b>	repair of motor vehicle	receipt of loan from lender