

- 36 Elijah started the month with cash at bank of \$1,780.

What was the balance carried forward after accounting for the following transactions in June?

- (1) Elijah withdrew \$200 per week to cover living expenses.
- (2) A customer paid for goods with a list price of \$600, less trade discount of 5%.
- (3) An amount of \$400 was received from a credit customer.
- (4) Bankings of \$1,200 from canteen vending machines.

\$ 3150

Dr	Cash	Cr
	1780	200 X 4
	570	800
	400	
	1200	
	3950	
		800
		3150

- 37 After corrections, what should be the balance on the following account?

Bank	
Dr	Cr
Overdraft at start of month	1,340
Reimbursement of petty cash float	45
Receipts from customers	4,400
	5,785
	5,785
	2,745
	2,675

- 38 Andrea started a taxi business by transferring her car, at a value of \$5,000, into the business.

What accounting entries are required to record this transaction?

- A Dr Capital \$5,000, Cr Car \$5,000
- B Dr Car \$5,000, Cr Drawings \$5,000
- C Dr Car \$5,000, Cr Capital \$5,000
- D Dr Drawing \$5,000 Cr Car \$5,000

Car \$5,000
Dr
Capital
Cr

- 39 Which of the following statements best describes the purpose of a purchase order?

- A It is issued to a supplier to request supply of goods from them on terms specified within the order.
- B It is issued to a customer to confirm the supply of goods to them on terms specified in the order.
- C It is issued to a supplier as notification of payment.
- D It confirms the price that will be charged by a supplier for goods supplied.

40 Which of the following statements best describes the purpose of a goods despatched note (delivery note)?

- A It is issued by a customer returning faulty goods to their supplier.
- B It is issued by a customer to their supplier and specifies the quantity and type of goods they require to be despatched.
- C It is issued by a supplier to their customer and specifies the quantity and type of goods delivered to that customer.
- D It is issued by a supplier to their customer and specifies what goods will be provided to them at a specified future date.

41 An invoice is best defined by which of the following statements?

- A An invoice is raised by a business and confirms only the amount due to be paid for goods and services provided.
- B An invoice is raised by business and issued to a supplier as recognition of goods and services received from that supplier.
- C An invoice is raised by a business and issued to a customer to confirm amounts not yet paid.
- D An invoice is raised by a business and issued to a customer to request payment for goods and services provided.

42 Are each of the following statements about the accounting equation true or false?

	True	False
Business assets will always equal business liabilities		✓
Business assets will always exceed business liabilities		✓
Business assets include proprietor's capital		✓
Business liabilities include proprietor's capital		✓

43 Are each of the following statements about the journal true or false?

	True	False
The journal records all bank and cash transactions		✓
The journal records all accounting transactions		✓
The journal is a book of prime entry	✓	
The journal records all credit sales transactions		✓

- 44 During the year, Ferguson made the following accounting entries to account for the depreciation charge relating to motor vehicles:

Debit Accumulated depreciation – motor vehicles \$5,000

Credit Depreciation expense – motor vehicles \$5,000

What journal entry is required to account correctly for the depreciation charge for motor vehicles for the year?

- A Debit Motor vehicles \$5,000, and Credit Accumulated depreciation \$5,000
 B Debit Depreciation Expense \$10,000, and Credit Accumulated depreciation \$10,000
 C Debit Depreciation expense \$5,000, and Credit Accumulated depreciation \$5,000
 D Debit Accumulated depreciation \$10,000, and Credit Depreciation expense \$10,000

- 45 During the year, Redknapp made the following accounting entries to account for the increase in the allowance for receivables:

Debit Trade receivables' ledger control account \$4,300

Credit Allowance for receivables \$4,300

What journal entry required to correct the above accounting entries to increase the allowance for receivables for the year?

- A Debit Trade receivables' ledger control, and Credit Irrecoverable debts
 B Debit Allowance for receivables, and Credit Irrecoverable debts
 C Debit Receivables expense and Credit Trade receivables' ledger control
 D Debit Receivables expense, and Credit Allowance for receivables

- 46 During the year, Allardyce made the following accounting entries to account for the cash proceeds received upon disposal of an item of machinery:

Debit Bank \$2,500

Credit Sales revenue \$2,500

What journal entry is required to account correctly for the disposal proceeds received upon disposal of the item of machinery?

- A Debit Accumulated depreciation \$2,500, and Credit Disposal of machinery \$2,500
 B Debit Sales revenue \$2,500, and Credit Bank \$2,500
 C Debit Disposal of machinery \$2,500, and Credit Machinery asset \$2,500
 D Debit Sales revenue \$2,500, and Credit Disposal of machinery \$2,500

FA (FFA): FINANCIAL ACCOUNTING

- 47** Pardew is unsure of the accounting entries required to account for a contra between the receivables ledger control and payables ledger control accounts for \$1,250.

What journal entry is required to account correctly for a contra between the trade receivables' and trade payables' ledger control accounts?

- A Debit Trade payables' ledger control \$1,250, and Credit Trade receivables' ledger control \$1,250
 - B Debit Trade payables' ledger \$1,250, and Credit Trade receivables' ledger \$1,250
 - C Debit Trade receivables' control \$1,250, and Credit Trade payables' control \$1,250
 - D Debit Trade receivables' ledger \$1,250, and Credit Trade payables' ledger \$1,250
- 48** What journal entry is required to correctly account for the depreciation charge for the year of \$3,500 relating to buildings?
- A Debit Depreciation expense \$3,500, and Credit Buildings \$3,500
 - B Debit Buildings \$3,500, and Credit Accumulated depreciation \$3,500
 - C Debit Depreciation expense \$3,500 and Credit Accumulated depreciation \$3,500
 - D Debit Accumulated depreciation \$3,500, and Credit Depreciation expense \$3,500
- 49** What are the accounting entries required to account for settlement discount received of \$250 from a credit supplier?
- A Debit Discount received \$250, and Credit Trade payables' control \$250
 - B Debit Trade payables' control \$250, and Credit Discount received \$250
 - C Debit Discount received \$250, and Credit Trade payables' control \$250
 - D Debit Trade payables' control \$250, and Credit Revenue \$250

- 50** Pallios made the following accounting entries to account for the purchase of goods on credit from a supplier:

Debit Trade payables' ledger control account	\$3,200
Credit Purchases	\$3,200

What journal entry is required to account correctly for the purchase of the goods on credit from a supplier?

- A Debit Purchases \$3,200, and Credit Trade receivables' control \$3,200
- B Debit Purchases \$3,200, and Credit Trade payables' control \$3,200
- C Debit Purchases \$3,200, and Credit Suspense \$3,200
- D Debit Purchases \$6,400, and Credit Trade payables' control \$6,400

- 51** Bob used the following balances to prepare his financial statements as at 30 April 20X3.

	\$	\$
Receivables	6,000	
Bank loan		3,000
Bank overdraft		2,500
Drawings	4,100	
Capital 1 May 20X2		12,500
Purchases and revenue	19,200	22,000
Rent	5,400	
Bank interest	825	
Heat and light	4,475	
	<u>40,000</u>	<u>40,000</u>

The business does not hold inventory. No further adjustments were required.

What was Bob's closing capital as at 30 April 20X3?

\$

LEDGER ACCOUNTS, BOOKS OF PRIME ENTRY AND JOURNALS

- 52** Indicate whether each of the following items is a book of prime entry.

	<i>A book of prime entry</i>	<i>Not a book of prime entry</i>
Sales day book		
Trial balance		
The journal		
Accounts receivable ledger		

- 53** The petty cash balance at 30 November 20X9 was \$25. The following transactions occurred during November 20X9:

- (1) Refreshments were purchased at a cost of \$7.25.
- (2) Travel expenses of \$12.75 were reimbursed to an employee.
- (3) The cleaner was paid \$15.

What was the petty cash float at 1 November 20X9?

- A \$25
- B \$60
- C \$35
- D \$50

54 Which of the following explains the imprest system of operating petty cash?

- A Weekly expenditure cannot exceed a set amount
- B The exact amount of expenditure is reimbursed at intervals to maintain a fixed float
- C All expenditure out of the petty cash must be properly authorised
- D Regular equal amounts of cash are transferred into petty cash at intervals

55 You are given the following figures for sales and receivables:

	20X7	20X6
	\$	\$
Receivables at year end	74,963	69,472
Sales	697,104	
Total cash received from customers	686,912	
Specific allowance for receivables	2,014	1,578
Irrecoverable debts written off	1,697	

What was the value of sales returns during 20X7?

\$

56 Ignatius operates the imprest system for petty cash. At 1 July there was a float of \$150, but it was decided to increase this to \$200 from 31 July onwards. During July, the petty cashier received \$25 from staff for using the photocopier and a cheque for \$90 was cashed for an employee. In July, cheques were drawn for \$500 for petty cash.**How much cash was paid out as cash expenses by the petty cashier in July?**

\$

57 Which of the following might explain a debit balance on a payables ledger account?

- A The business took a settlement discount to which it was not entitled and paid less than the amount due
- B The business mistakenly paid an invoice twice
- C The book-keeper failed to enter a contra with the receivables ledger
- D The book-keeper failed to post a cheque paid to the account

58 Allister's payables' ledger control account has a balance at 1 October 20X8 of \$34,500 credit. During October, credit purchases were \$78,400, cash purchases were \$2,400 and payments made to suppliers, excluding cash purchases, and after deducting settlement discounts of \$1,200, were \$68,900. Purchase returns were \$4,700.**What was the closing balance on the payables' ledger control account?**

\$