1. Which of the following items on a balance sheet would differ MOST in presentation when comparing the books of a company and books of a sole trader?

(A) Capital
(B) Current assets
(C) Current liabilities
(D) Fixed assets

2. An employee works for 45 hours each week. He is paid $4 per hour for a 40 hour week and $6 per hour for overtime. What is his gross weekly wage?

(A) $180
(B) $190
(C) $240
(D) $270

3. At the end of the year the capital of a business was $33 000. At the beginning of the year the capital was $28 000. During the year the owner withdrew for personal use $2 000. What was his net profit for the year?

(A) $ 5 000
(B) $ 7 000
(C) $30 000
(D) $61 000

4. An article is subject to a 20% trade discount. Its list price is $600. What is its sale price?

(A) $120
(B) $480
(C) $580
(D) $720

5. The account which discloses the gross profit or loss is called the

(A) Profit and Lost Account
(B) Appropriation Account
(C) Trading Account
(D) Cash Account

6. The net profit of a firm was shown as $1 600 and it was later discovered that discounts received were undercast by $10 and purchases were understated by $36. What was the corrected net profit?

(A) $1 574
(B) $1 610
(C) $1 636
(D) $1 646

7. The purchase of a motor van on credit from Things Caricom Motors Co. for use in the business should be recorded as

(A) debit Motor Van Expense Account, credit Bank Account
(B) debit Purchases Account, credit Things Caricom Motors Co. Account
(C) debit Motor Vehicle Account, credit Bank Account
(D) debit Motor Vehicle Account, credit Things Caricom Motors Co. Account

Item 8 refers to the following deductions made from the gross salary of an employee.

DEDUCTIONS	%
Income tax	25
Loan repayment	2
Education tax	1

8. What is the TOTAL amount which should be deducted from the employee's gross salary of $1 800 per month?

(A) $504
(B) $648
(C) $684
(D) $846

9. The purpose of an appropriation account is to

(A) change capital expenditure as agreed upon in the Articles of Association
(B) show how the net profit is distributed in a partnership or co-operative
(C) make appropriate changes related to net profit as agreed upon in the Articles of Association
(D) enter all capital and revenue expenditure as stipulated in the Partnership Act

Item 10 refers to the table below showing the summarized position of Foster and Scott Limited at March 6, 1996.

	$
Current liabilities	60 000
Current assets	100 000
Fixed assets	200 000
Long term liabilities	150 000

10. What was the capital of Foster and Scott Limited at March 6, 1996?

(A) $ 40 000
(B) $ 90 000
(C) $150 000
(D) $190 000

11. Which of the following is NOT a nominal account?

(A) Carriage Inwards
(B) Commission
(C) Furniture
(D) Discount Allowed

12. Morris purchased $1 000 worth of furniture for office use and entered it in the Journal as purchases. How will this error affect his Balance Sheet?

(A) Fixed Assets and Net Profit will be decreased by $1 000
(B) Fixed Assets and Net Profit will be increased by $1 000
(C) Current Assets and Net Profit will be increased by $1 000
(D) Current Assets and Net Profit will not be affected

13. Under which of the following conditions would a Trial Balance still balance?

I. A transaction was completely left out.
II. Both a debit and credit entry were overstated by the same amount.
III. A debit entry was left out.
IV. Both a debit and credit entry were understated by the same amount.

(A) I, II and III only
(B) I, II and IV only
(C) I, III and IV only
(D) II, III and IV only

14. Which of the following BEST describes a Trial Balance?

I. A list of Balances of Accounts
II. A Financial Statement
III. An Account
IV. A check on the accuracy of the double entry system

(A) I and II only
(B) I and IV only
(C) I, II and III only
(D) I, III and IV only

15. In the Trading Account, Returns Outwards is deducted from

(A) Carriage Outwards
(B) Carriage Inwards
(C) Purchases
(D) Sales

16. Mrs Green is a dry goods merchant. Which of the following transactions would result in a debit to her Cash Account?

(A) Sold goods for cash
(B) Paid cash to office cleaner
(C) Bought goods for cash
(D) Paid instalment on loan

Item 17 refers to the following information.

Balances of the Asset Accounts of the Bayroe Club as at June 30, 1995.

	$
Premises	5400
Equipment	1825
Furniture	960
Bank and cash	1640
Stock of refreshment	72

17. The amount of the accumulated fund is

(A) $1 640
(B) $4 497
(C) $8 185
(D) $9 897

18. Which of the following assets is the MOST liquid?

(A) Cash
(B) Debtors
(C) Equipment
(D) Stock

19. How should the totals of the columns 'Discount Allowed' and 'Discount Received', be posted when the Cash Book is ruled off?

(A) Debit Discount Allowed, Credit Discount Received
(B) Debit Discount Allowed, Debit Discount Received
(C) Debit Discount Received, Credit Discount Allowed
(D) Credit Discount Received, Credit Discount Allowed

Item 20 refers to the following information.

Gross Profit	45%
Sales	$9 000

20. What is the gross profit?

(A) $4 000
(B) $4 050
(C) $4 950
(D) $9 000

21. A proprietor wins a motor van valued $10 000 and decides to put it into the business. Which of the following is the correct entry?

(A) Debit Motor Vehicles Account, Credit Drawings Account
(B) Debit Capital Account, Credit Motor Vehicles Account
(C) Debit Motor Vehicles Account, Credit Capital Account
(D) Debit Bank Account, Credit Capital Account

22. Herbert paid Smith and Co. $380 to settle an account of $400. What entries should be made in Herbert's books?

(A) Dr. Smith and Co. A/c 400
Cr. Herbert A/c 400

(B) Dr. Cash A/c 380
Cr. Smith and Co. A/c 400

(C) Cr. Smith and Co. A/c 380
Dr. Cash A/c 20

(D) Dr. Smith and Co. A/c 400
Cr. Cash A/c 380
Cr. Discount Received A/c 20

23. Ram Singh purchased goods valued at $500 on credit. He paid off his bill within the grace period and so received a 10% cash discount. How much did he pay the firm?

(A) $ 50
(B) $450
(C) $490
(D) $550

24. Joanne Barnett is a dressmaker. She bought 100 metres of material from S. Wright for $100 cash. The correct double entry for this transaction in Barnett's ledger would be

(A) Dr. Materials A/c,
Cr. S. Wright's A/c
(B) Dr. Materials A/c,
Cr. Cash A/c
(C) Dr. Cash A/c,
Cr. S. Wright's A/c
(D) Dr. Cash A/c,
Cr. Materials A/c

25. On January 1, a firm's capital is $4 600. On December 31, of the same year, the following information was provided: Drawings $850, Total assets $10 000, Loan outstanding $950, Creditors $4 000. What was the net profit that year?

(A) $ 450
(B) $1 300
(C) $1 400
(D) $1 700

26. Which of the following describes the rule for double-entry?

(A) Always credit the receiver and debit the giver
(B) Always debit the receiver and debit the giver
(C) Always credit the receiver and credit the giver
(D) Always debit the receiver and credit the giver

27. A businessman bought a new typewriter for $6 000. He paid $4 000 in cash and traded in his old typewriter. What is the entry to record this transaction?

		Dr.	Cr.
(A)	Dr. new typewriter	$6 000	
	Cr. old typewriter		$2 000
	Cr. cash		$4 000
(B)	Dr. old typewriter	$2 000	
	Dr. cash	$4 000	
	Cr. new typewriter		$6 000
(C)	Dr. new typewriter	$4 000	
	Dr. cash	$2 000	
	Cr. old typewriter		$6 000
(D)	Dr. old typewriter	$2 000	
	Dr. cash	$4 000	
	Cr. new typewriter		$6 000

28. Which of the following would be prepared in order to reveal the **net** earnings of a business?

(A) Trading Account
(B) Balance Sheet
(C) Trial Balance
(D) Profit and Loss Account

Item 29 refers to the following table.

W's Capital	$300
X's Capital	$200
Y's Capital	$100
Z's Capital	$300

W, X, Y and Z are partners sharing profits and losses in proportion to their capital. The capital of each is shown in the table above.

29. What is Z's share of a profit of $7 200?

(A) $ 800
(B) $1 200
(C) $1 800
(D) $2 400

30. What is the name of the document usually under a company's seal and which acknowledges a loan to the company at a fixed rate of interest?

(A) Memorandum
(B) Debenture
(C) Mortgage
(D) Stock

31. According to the Partnership Act, if there is no Deed of Partnership, the amount of profit to be received by each partner would be

(A) 5% on capital invested
(B) in proportion to capital invested
(C) an equal share
(D) 5% of net profit

32. The trial balance is prepared by using balances from the

(A) Purchases Book
(B) Journal
(C) Ledger
(D) Sales Book

33. A businessman incurred the following expenses:

Factory repairs	$6 000
Machinery repairs	$2 000
New machine	$3 000
New vehicle	$7 000

What is the total capital expenditure?

(A) $ 6 000
(B) $ 7 000
(C) $ 8 000
(D) $10 000

34. Joyce and Keller are in partnership having capital of $14 000 and $18 000 respectively. Before admitting a new partner, Wong, with $10 000 into the business, they agreed that the partnership be valued at $42 000. What is the goodwill?

(A) $ 1 000
(B) $ 2 000
(C) $ 8 000
(D) $10 000

Item 35 refers to the following table.

	$		$
Capital	1 000	Office machine	1 000
Loan (5 years)	1 200	Debtors	200
Loan interest owing	50	Bank	1 000
Creditors	900	Stock	900
		Cash	50

35. What is the working capital?

(A) $ 950
(B) $1 200
(C) $2 150
(D) $3 100

36. During the year a company bought stationery for $220 and used $120 worth of it. How much of the stock of stationery would you find in the Balance Sheet?

(A) $100
(B) $120
(C) $220
(D) $340

37. A standing order of $25 for insurance appears in the debit column of the Bank Statement. This amount does not appear in the Cash Book. How is this item treated in order to up date the Cash Book?

(A) Subtract the $25 from the Bank Statement balance.
(B) Add $25 to the Bank Statement balance.
(C) Credit the Bank Account with $25.
(D) Debit the Bank Account with $25.

38. A Suspense Account was opened for an error of $30 found in the Trial Balance. Later it was observed that sales were understated by $30. This item would be corrected in the journal by

(A) Dr. Trading, Cr. Suspense
(B) Dr. Suspense, Cr. Goods
(C) Dr. Sales, Cr. Suspense
(D) Dr. Suspense, Cr. Sales

39. A firm's Cash Book showed a bank balance of $1 750. The Bank Statement showed bank charges of $33, and $77 interest received. These were not entered in the Cash Book. What was the Bank Statement balance?

(A) $1 706
(B) $1 750
(C) $1 794
(D) $1 860

Item 40 refers to the following information

Stock at Jan 1, 1994	$ 500
Purchases during the month	$1 200
Cost of goods sold	$1 400

40. What is the stock at the end of January?

(A) $ 300
(B) $ 700
(C) $ 500
(D) $1 200

Item 41 refers to the following information.

Total fixed assets	=	$8 000
Total current assets	=	$3 000
Total current liabilities	=	$2 000

41. The information above relates to a sole trader. What is his capital?

(A) $ 3 000
(B) $ 8 000
(C) $ 9 000
(D) $10000

42. P. Hawk has a manufacturing business. His raw materials cost $1 900. Factory rates and rent total $2 000, and factory wages amount to $2 500.

The number of units produced is 640. What is the **factory cost** of ONE unit?

(A) $ 4
(B) $ 6
(C) $10
(D) $13

43. Mr Allen invested $20 000, Mr Brown invested $5 000 and Mr Cable invested $5 000 in the same business. The loss sustained during the year was $1 000. The Partnership agreement is silent on the item of losses, although profits are to be split $\frac{2}{5}$, $\frac{2}{5}$, $\frac{1}{5}$ in favour of Allen, Brown and Cable respectively. How much of the loss must be borne by Mr Cable?

(A) $200
(B) $240
(C) $300
(D) $400

44. A businessman will keep control accounts in order to

(A) ensure that all entries relating to the subsidiary ledgers have been entered
(B) reduce the number of accounts kept in the ledger
(C) control all the employees
(D) make all accounts equal

Items 45 - 46 refer to the following balances taken from the books of Sherida's Ltd on April 30, 1997.

BALANCES	$
Rent owing	200
Cash	3,500
Creditors	1,200
Prepaid insurance	300
Bank overdraft	400

45. What is the working capital of Sherida's Ltd?

(A) $2 000
(B) $2 400
(C) $3 600
(D) $3 800

46. What is the 'Current Ratio' of Sherida's Ltd?

(A) 1 : 1
(B) 1.5 : 1
(C) 2.1 : 1
(D) 3.1 : 1

47. Which of the following states the correct order of the stages in the accounting cycle?

(A) Journalizing, Posting to Ledger, Trial Balance, Final Accounts
(B) Journalizing, Trial Balance, Posting to Ledger, Final Accounts
(C) Posting to Ledger, Journalizing, Trial Balance, Final Accounts
(D) Posting to Ledger, Trial Balance, Journalizing, Final Accounts

48. Which of the following is NOT a current liability?

(A) Bank overdraft
(B) Mortgage
(C) Creditors
(D) Accrued rent

49. Goods were sold on credit to John Brown. Which of the following is the correct double-entry to record this transaction?

(A) Debit John Brown's A/c
Credit Sales A/c
(B) Debit Sales A/c
Credit John Brown's A/c
(C) Debit John's Brown's A/c
Debit Cash A/c
(D) Debit Cash A/c
Credit John Brown's A/c

50. A business has total assets valued at $225 000 and total liabilities at $97 000. The owner values the business at $150 000.

What is the goodwill?

(A) $ 22 000
(B) $ 53 000
(C) $ 75 000
(D) $128 000

51. Given the following information for a firm, what is the difference between the opening and closing capital?

Opening capital	$ 500
Total closing assets	$4 000
Total closing liabilities	$1 000

(A) $1400
(B) $2500
(C) $3 000
(D) $3 500

52. Old Capital $1 300, Loss $400. How much is the New Capital?

(A) $ 400
(B) $ 900
(C) $1 300
(D) $1 700

53. The gross profit of a firm is $3 600; bad debts $100; rent paid $120 which includes rent prepaid $20; general expenses $80; discount received $110. What is the net profit?

(A) $3 400
(B) $3 410
(C) $3 430
(D) $3 710

54. Which of the following is entered in the Purchases Account of a grocery?

(A) Goods for re-sale
(B) Duplicating machines
(C) Typewriters
(D) Office stationery

Item 55 refers to the following information.

	$
Prime cost	10 000
Overheads - Factory	16 000
Work in progress January 1	3 000
Work in progress December 31	5 000

55. What is the cost of production of finished goods for the year?

(A) $14 000
(B) $18 000
(C) $21 000
(D) $24 000

Item 56 refers to the following information.

Sales A/c

		$			$
2.5.99	M. Abel	50.00	3.5.99	Cash	30.00
9.5.99	E. Blue	75.00	7.5.99	Jack	175.00
			8.5.99	Cash	250.00

56. Which of the following figures represents the balance of the above account?

(A) $125
(B) $300
(C) $330
(D) $455

57. The reward of profit received by a shareholder in a limited company is called

(A) commission
(B) interest
(C) drawings
(D) dividend

Item 58 refers to the information below.

	$
Total unpresented cheques	120
Lodgement **not** entered on Bank Statement	150
Balance per Cash Book	560

58. What is the balance per Bank Statement?

(A) $120
(B) $150
(C) $340
(D) $530

59. Brown sold a motor vehicle worth $2 000 to Smith. Smith was allowed a 2% cash discount. How much would Smith have to pay Brown?

(A) $1950
(B) $1960
(C) $2002
(D) $2040

60. If the following lists of assets found on the Balance Sheet of a retail trader were to be arranged in order of liquidity, the sequence would be

(A) Motor van, Building, Bank, Fixtures, Cash, Debtors
(B) Cash, Fixtures Debtors, Bank, Building, Motor van
(C) Cash, Bank, Fixtures, Debtors, Motor van, Building
(D) Cash, Bank, Debtors, Fixtures, Motor van, Building