1. Which of the following financial statements shows the value of a business' assets?

(A) Trading account
(B) Cash flow statement
(C) Profit and loss account
(D) Statement of financial position

2. Which of the following formulae is used to calculate take-home pay?

(A) Gross pay – Deductions
(B) Net pay + Deductions
(C) Net pay + Gross pay
(D) Gross pay – Net pay

3. Partnerships are formed for the purpose of

I. combining capital from different persons
II. benefitting from different skills and specializations
III. sharing ideas, experiences and responsibilities

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

4. Which of the following features of a partnership states that the actions of one partner binds all other partners?

(A) Mutual agency
(B) Unlimited liability
(C) Voluntary association
(D) Co-ownership of property

5. Into which of the following accounts is the difference entered when a trial balance fails to agree?

(A) Control
(B) Reserve
(C) Suspense
(D) Provision

6. Which of the following represents the correct statement of financial position equation for calculating the value of assets?

(A) Assets – Capital
(B) Assets + Liabilities
(C) Capital – Liabilities
(D) Liabilities + Capital

7. Which of the following entries would NOT appear in a cash book?

(A) Payment for goods
(B) Goods sold on credit
(C) Goods bought for cash
(D) Cheques received for goods

8. Which of the following types of partner has its indebtedness restricted to the amount of money invested by the partners?

(A) Sleeping
(B) Nominal
(C) Limited liability
(D) Unlimited liability

9. Which of the following financial obligations would normally be classified as a non-current liability?

(A) Creditors
(B) Debentures
(C) Accrued wages
(D) Bank overdrafts

10. In a partnership, which of the following is compulsory?

(A) Salary
(B) Interest on capital
(C) Interest on drawings
(D) Sharing of profits/losses

11. In order to avoid writing numerous cheques for small amounts, a firm may set up a

(A) bank draft
(B) standing order
(C) general journal
(D) petty cash fund

12. Which of the following lists of activities shows the correct order of the stages in the accounting cycle, before final accounts?

(A) Posting to the ledger, journalizing, preparing a trial balance
(B) Journalizing, posting to the ledger, preparing a trial balance
(C) Posting to the ledger, preparing a trial balance, journalizing
(D) Journalizing, preparing a trial balance, posting to the ledger

13. The profit a shareholder receives for his investment is called a

(A) return
(B) surplus
(C) dividend
(D) debenture

14. The MAIN internal users of accounting information are

(A) managers
(B) competitors
(C) local communities
(D) government agencies

15. Which of the following accounts is NOT nominal?

(A) Discount allowed
(B) Carriage inwards
(C) Commission
(D) Furniture

16. A trader had an opening capital of $3 900. If his drawings were $900 and his closing capital was $4 860, what was his net profit?

(A) $ 900
(B) $ 960
(C) $1 860
(D) $3 000

17. Which of the following ratios describes the liquidity position of a business?

(A) Acid test
(B) Net profit
(C) Profitability
(D) Inventory turnover

Item 18 refers to the following information.

Balance as at December 31, 2024

| | |
|---|---|
| Debtors | 40 000 |
| Accounts payable | 25 000 |
| Bank overdraft | 35 000 |
| Inventory of goods for resale | 80 000 |
| Non-current assets | 180 000 |
| Long-term loans | 130 000 |

18. What was the capital at January 1, 2025?

(A) $ 95 000
(B) $110 000
(C) $130 000
(D) $180 000

Item 19 refers to the following information which shows a company's records for 2024.

| | $ |
|---|---|
| Gross profit | 100 000 |
| Commissions received | 10 000 |
| Sundry expenses | 12 000 |
| Drawings | 5 000 |
| Advertising expenses | 22 000 |

**19.** The company's net profit is

(A) $61 000
(B) $66 000
(C) $71 000
(D) $76 000

Item 20 refers to the following information as shown in a cash account.

**Cash Account**

| 2024 | | $ | 2024 | | $ |
|---|---|---|---|---|---|
| May 1 | Balance b/d | 400 | May 3 | | 50 |
| May 1 | Sales | 150 | May 7 | | 20 |
| May 5 | Sales | 75 | May 9 | | 150 |
| | | | May 30 | Balance c/d | 405 |
| | | $625 | | | $625 |

**20.** Which of the following figures will be posted to the trial balance?

(A) $150
(B) $400
(C) $405
(D) $625

Item 21 refers to the information given in the following table about Ray's Pet Shop.

| | $ |
|---|---|
| Opening inventory | 500 |
| Closing inventory | 350 |
| Sales | 2 500 |
| Purchases | 850 |
| Selling expenses | 125 |
| Administrative expenses | 175 |

**21.** What is the net profit of Ray's Pet Shop?

(A) $ 850
(B) $1 200
(C) $1 350
(D) $2 200

**22.** A wholesaler gives a 20% trade discount and a 2% cash discount. How much would a customer pay for goods originally priced at $700.00?

(A) $548.80
(B) $571.20
(C) $722.00
(D) $851.00

**23.** In which of the following accounting books would personal accounts be found?

(A) Sales journal
(B) General ledger
(C) Purchases return journal
(D) Receivables and payables ledger

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

(A) debit motor vehicle account
credit bank account

(B) debit motor vehicle expense account
credit bank account

(C) debit purchases account
credit Things Caricom Motors Co. account

(D) debit motor vehicle account
credit Things Caricom Motors Co. account

Item 25 refers to the information given in the following table.

| | $ |
|---|---|
| Closing inventory | 300 |
| Accounts receivable | 1 700 |
| Cash at bank | 2 000 |
| Sales | 5 050 |
| Purchases | 3 020 |
| Accounts payable | 1 000 |

**25.** The current ratio is

(A) 2:1
(B) 4:1
(C) 6:1
(D) 9:1

Item **26** refers to the following balances at the end of a financial period.

| | $ |
|---|---|
| Motor vehicles | 2 000 |
| Payables | 3 000 |
| Receivables | 2 000 |
| Capital | 11 000 |
| Building | 10 000 |

**26.** What is the TOTAL amount for assets?

(A) $12 000
(B) $13 000
(C) $14 000
(D) $15 000

**27.** The working capital of P. Young and Sons is $15 500, and current assets is $16 500. What is the TOTAL current liabilities?

(A) $ 1 000
(B) $15 500
(C) $16 500
(D) $32 000

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Items **28 and 29** refer to the following balances from a retail company.

| | $ |
|---|---|
| Sales | 36 000 |
| Purchases | 22 000 |
| Gross profit | 11 000 |
| Closing inventory | 6 000 |
| Sales returns | 1 000 |
| Opening inventory | 8 000 |

**28.** What is the cost of goods available for sale?

(A) $ 7 000
(B) $ 9 000
(C) $24 000
(D) $30 000

A000

**29.** What is the cost of goods sold?

(A) $ 7 000
(B) $ 9 000
(C) $24 000
(D) $30 000

Item **30** refers to the following statement of financial position provided for a firm as at January 1, 2024.

| | $ | | $ |
|---|---|---|---|
| Bank | 3 000 | Payables | 500 |
| Receivables | I | | 5 500 |
| Inventory | 1 000 | | |

**30.** What sum of money is represented by **I**?

(A) $1 000
(B) $2 000
(C) $3 000
(D) $6 000

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**31.** S. Thomas purchased a machine for $3 250 from Grell & Co. Ltd, paying $1 250 in cash and promising the balance in ten days. What is the correct procedure for recording this transaction?

| | | $ | $ |
|---|---|---|---|
| (A) | Debit machinery account<br>Credit cash account | 3 250 | <br>2 000 |
| (B) | Debit purchases account<br>Credit Grell & Co. Ltd | 3 250 | <br>3 250 |
| (C) | Debit machinery<br>Credit cash account<br>Credit Grell & Co. Ltd | 3 250 | <br>1 250<br>2 000 |
| (D) | Debit Grell & Co. Ltd<br>Debit cash account<br>Credit purchases account | 2 000<br>1 250 | <br><br>3 250 |

A000

Item 32 refers to the following balances extracted from Mrs Martin's ledger.

| | $ |
|---|---|
| Opening inventory | 7 000 |
| Purchases | 4 000 |
| Sales | 10 000 |
| Sundry expenses | 1 100 |
| Closing inventory | 3 400 |

**32.** What was the cost of goods sold by Mrs Martin?

(A) $2 400
(B) $2 600
(C) $6 400
(D) $7 600

Item 33 refers to the following information.

On January 1, 2024, $10 000 was paid towards an advertising campaign. Of this amount, $7 000 was used by December 31, 2024.

**33.** What was the amount of advertising prepaid at the end of the year?

(A) $ 3 000
(B) $ 7 000
(C) $10 000
(D) $17 000

**34.** Which of the following features is associated with private limited companies?

(A) Companies are family owned.
(B) Financial statements are published.
(C) Government agencies purchase shares.
(D) Companies shares are not sold publicly.

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**35.** M. Brown wishes to increase his allowance for doubtful debts from 8% to 10%. Accounts receivable at the end of the year totalled $10 000, whilst the balance in the allowance for doubtful debts account at the start of the year was $800. Which of the following would be the correct entries to record the provision for the year?

| | | $ | $ |
|---|---|---|---|
| (A) | Debit profit and loss<br>Credit allowance for doubtful debts | 200 | 200 |
| (B) | Debit profit and loss<br>Credit allowance for doubtful debts | 720 | 720 |
| (C) | Debit profit and loss<br>Credit allowance for doubtful debts | 800 | 800 |
| (D) | Debit profit and loss<br>Credit profit and loss | 1 000 | 1 000 |

36. 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

37. Karen and Garth, partners in a business, share profits and losses in the ratio 2:1. What is their respective share if the business makes a net profit of $3 600?

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

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Item 38 refers to the following information.

**Insurance Account**

| 2024 | | $ | 2024 | | $ |
|---|---|---|---|---|---|
| January 2 | Balance b/d | 700 | December 31 | Profit and loss account | 8 100 |
| January 15 | Bank | 8 000 | December 31 | Balance c/d | 600 |
| | | $8 700 | | | $8 700 |

38. What is the amount of insurance prepaid at the end of the year?

(A) $ 600
(B) $ 700
(C) $8 000
(D) $8 100

**39.** Goods were sold on credit to John Brown. Which of the following double entries is a correct record of this transaction?

(A) Debit sales
Credit John Brown's account

(B) Debit John Brown's account
Credit sales

(C) Debit John Brown's account
Debit cash

(D) Debit cash
Credit John Brown's account

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**40.** Mr A. Jones paid $250 in cash for repairs to machinery. This transaction was entered in the cash book and posted to the ledger. The double entry involved would be

(A) debit cash
credit repairs

(B) debit A. Jones
credit cash

(C) debit repairs
credit cash

(D) debit cash
credit machinery

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**41.** Ms Hoyte, a grocer, bought a computer on credit from Tan Company. In Ms Hoyte's books, which of the following journal entries would be made for this transaction?

(A) Debit purchases
Credit Tan Company

(B) Debit computer
Credit Tan Company

(C) Debit Tan Company
Credit purchases

(D) Debit computer
Credit cash

Item **42** refers to the following information for KD Ltd.

| | $ |
|---|---|
| Opening capital | 3 000 |
| Drawings | 500 |
| Net loss | 1 500 |

**42.** What is the closing capital of KD Ltd?

(A) $1 000
(B) $2 000
(C) $4 000
(D) $5 000

Item 43 refers to the following information for Jaco Ltd.

Jaco Ltd sells canned tomato sauce. The following inventory information was available for the month ended May 31, 2022.

| Date | Transaction | Amount |
|---|---|---|
| May 1 | Beginning inventory | 40 cans @ $500 per can |
| 4 | Purchased | 80 cans @ $515 per can |
| 15 | Sold | 100 cans @ $650 per can |
| 20 | Sold | 10 cans @ $650 per can |

**43.** Using the FIFO method, what is the value of ending inventory?

(A) $ 5 000
(B) $ 5 150
(C) $ 6 500
(D) $20 000

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**44.** A businessman offers a reduced amount for prompt payment for goods purchased. Under which column in his three-column cash book would this reduction be entered?

(A) Bank
(B) Cash
(C) Discount allowed
(D) Discount received

**45.** The total credit of the bank column of a three-column cash book is greater than the total debit. The MOST likely reason for this situation is that

(A) there was an overdraft
(B) transactions were omitted from the debit side
(C) some figures were overstated on the credit side
(D) the correct transactions were entered on the credit side

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Item 46 refers to the following information.

Ash Bicycle Shop recorded the following information about its insurance expenses for 2024.

| | | $ |
|---|---|---|
| Jan 1 | Prepaid insurance | 250 |
| Mar 31 | Paid insurance by cash | 1 000 |
| Aug 31 | Paid insurance by cheque | 800 |
| Dec 31 | Prepaid insurance | 150 |

**46.** How much should be recorded as insurance expense at the end of the year?

(A) $1 800
(B) $1 900
(C) $2 050
(D) $2 200

47. Which of the following items are NOT recorded in the appropriation account?

I. Interest on loans from partners
II. Interest on capital
III. Withdrawals by partners

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

Item 48 refers to the following information.

Janice purchased 20 items priced at $10 each, receiving a 5% trade discount. One month later, she paid her bill by cheque, taking advantage of a 10% cash discount offer.

48. Which of the following amounts would Janice have to pay if she had missed the discount period?

(A) $171
(B) $180
(C) $190
(D) $200

Item 49 refers to the following information for KD Ltd.

PC Bank
Bank Statement

| | | Debit | Credit | Balance |
|---|---|---|---|---|
| | | $ | $ | $ |
| Dec 1 | Bal b/f | | | 60 |
| 5 | Cheque | | 90 | |
| 14 | Unit Trust: Standing order | 100 | | |
| 20 | P. Palmer: Credit transfer | | 30 | |
| 29 | Bank charges | 85 | | |

49. What is the balance as per bank statement on December 29?

(A) Debit $5
(B) Credit $5
(C) Debit $65
(D) Credit $125

50. R. Stevens, a petty cashier, received a float of $350. He spends $320 out of it and requests that his float be increased to $400. If his request is granted, how much will he receive?

(A) $320
(B) $350
(C) $370
(D) $400



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**51.** A public limited company issued a prospectus offering the shares described in the table below, for sale at par value.

| Type of Share | No. of Units | Par Value |
|---|---|---|
| Ordinary | 200 000 | $2 |
| 5% Preference | 10 000 | $5 |

The issue was fully subscribed. How much capital did the company raise?

(A) $ 40 000
(B) $ 45 000
(C) $400 000
(D) $450 000

**52.** The net profit of a firm was shown as $1 600. It was later discovered that discounts received were undercast by $10 and purchases were understated by $36. What is the correct net profit?

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

**53.** Credit sales which have not been paid up must be included in the total sales figure at the end of the period. Which accounting principle justifies this statement?

(A) Prudence
(B) Matching
(C) Materiality
(D) Consistency

Item **54** refers to the following information for a sole trader for the month of April.

Purchases
5 April 200 g @ $6 per g
10 April 600 g @ $3 per g

Sales
12 April 100 g @ $7 per g
17 April 100 g @ $9 per g

**54.** Using the LIFO method, closing inventory would be valued at

(A) $1 800
(B) $2 250
(C) $2 400
(D) $4 000

Item **55** refers to the following information.

F. Taylor's terms of payment for all his debtors is 4%, 15 days. The following debtors pay within different times, as shown below.

I. Terry: 10 days
II. Pearl: 18 days
III. Vicky:15 days

**55.** Which debtors will receive a discount?

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

**56.** How would the purchase of equipment on credit affect a firm's statement of financial position?

(A) Increase asset; increase liability
(B) Increase asset; decrease liability
(C) Decrease asset; increase liability
(D) Decrease asset; decrease liability

**57.** An asset purchased for $1 000 depreciates at the rate of 10% per annum using the reducing balance method. What is the book value of the asset at the beginning of the third year?

(A) $ 800
(B) $ 810
(C) $ 900
(D) $1 190

Item 58 refers to the following data for Tarisha Ali, an employee of a bank.

| | |
|---|---|
| Monthly salary | $3 500 |
| Overtime | $ 800 |

Income Tax Rate

25% on every dollar above $2 000 of monthly salary
30% on overtime earned

**58.** The TOTAL income tax to be deducted from Tarisha Ali's monthly salary is

(A) $ 615
(B) $ 740
(C) $ 875
(D) $1 075

**59.** The gross profit of a firm is $7 200. Bad debts is $200. Insurance paid is $1 240, which includes a prepayment of $40. What is the net profit of the firm?

(A) $5 720
(B) $5 760
(C) $5 800
(D) $7 000

**60.** In an effort to raise capital, a company offered 200 five per cent debentures at $100 each for subscription. Five per cent is an indication that the company will

(A) increase its capital by 5%
(B) receive 5% of $20 000 as capital
(C) pay 5% of $20 000 in interest to the debenture holders
(D) receive 5% of $20 000 in interest from the debenture holders

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END OF TEST

IF YOU FINISH BEFORE TIME IS CALLED, CHECK YOUR WORK ON THIS TEST.