

0452-Feb/Mar-2022-Paper-12 -Unofficial Answer Key

Report Summary

Name	:	
Your Score	:	35 out of 35 (100%)
Correct Answers	:	35 Question
Incorrect Answers	:	0 Question
Unanswered	:	0 Question
Time Taken	:	42 mins 43 secs
Date	:	
Your Result	:	Excellent
User ID	:	

Your Answers

Correct

Points earned: 1 out of 1

- Q1) A trader calculated her profit for the year at \$14800. The following errors were then discovered. No entry has been made for \$200 wages accrued. The insurance expense included a prepayment of \$90. What is the correct profit for the year?
- A. \$14510
 - B. \$14690 (Your Answer)(Correct)
 - C. \$14910
 - D. \$15090

Correct

Points earned: 1 out of 1

- Q2) A suspense account was opened with a credit balance of \$840. Which error caused this?
- A. A cheque for \$420 received from a customer was debited to his account. (Your Answer)(Correct)
 - B. Discount allowed, \$420 was debited twice in the discount allowed account.
 - C. Goods costing \$420, taken by the owner of the business for own use, were credited to his drawings account.
 - D. Rent received, \$420, was credited twice in the rent receivable account.

Correct

Points earned: 1 out of 1

- Q3) Azim and Bashir are both sole traders. They provided the following information. Profit for the year ended 31st December before interest: Azim : \$17 200 Bashir: \$15 000 Long-term loan at 31st December. Bashir: \$12 500 Capital at 31st December. Azim: \$86,000 Bashir: \$25,000 What was Azim's return on capital employed?
- A. Double Bashir's
 - B. Half of Bashir's (Your Answer)(Correct)
 - C. One-third of Bashir's
 - D. Three times of Bashir's

Correct

Points earned: 1 out of 1

- Q4) What is recorded in a petty cash book?
- A. all cash transactions
 - B. cash purchases and expenses only
 - C. purchases of all small value items
 - D. small cash transactions (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

- Q5) Anji maintains a provision for doubtful debts at 5% of the trade receivables at the end of each financial year. At the start of the financial year, the trade receivables were \$2000. At the end of the financial year, the trade receivables were \$ 4500. Which entry would be made in the income statement for the financial year?
- A. \$125 as an expense (Your Answer)(Correct)
 - B. \$125 as an income
 - C. \$325 as an expense
 - D. \$325 as an income

Correct

Points earned: 1 out of 1

- Q6) Which businesses do not prepare a trading account section of an income statement? 1. furniture store 2. insurance company 3. newsagent 4. toy shop 5. window-cleaner
- A. 1 and 2
 - B. 2 and 5 (Your Answer)(Correct)
 - C. 3 and 4
 - D. 3 and 5

Correct

Points earned: 1 out of 1

- Q7) Which item is an asset?
- A. an amount owing by credit customers (Your Answer)(Correct)
 - B. an amount owing to credit suppliers
 - C. interest accrued on bank loan
 - D. rent received in advance from tenant

Correct

Points earned: 1 out of 1

- Q8) A limited company was formed on 1 June 2021. On that date, the company issued 500000 \$1 shares. Shareholders were asked to pay 60% of the cost immediately, with the remainder being payable by 1st June 2022. By 1st August 2021, all shareholders had paid what was due at that date. What was the share capital of the company on 1 August 2021?
- A. Called-up capital: \$200 000 Paid-up capital: \$300 000
 - B. Called-up capital: \$300 000 Paid-up capital: \$300 000 (Your Answer)(Correct)
 - C. Called-up capital: \$500 000 Paid-up capital: \$300 000
 - D. Called-up capital: \$500 000 Paid-up capital: \$500 000

Correct

Points earned: 1 out of 1

- Q9) On 1 March, a business owed its suppliers \$9500. During March, the following transactions took place. goods purchased on credit \$10000 goods returned to suppliers \$200 cheques paid to suppliers \$8900 cash discounts received \$100 How much did th business owe its suppliers on 31 March?
- A. \$800
 - B. \$1000
 - C. \$10300 (Your Answer)(Correct)
 - D. \$10500

Correct

Points earned: 1 out of 1

- Q10) Leroy provided the following information for May. May 1. Balance owing to credit suppliers \$420 31. Credit purchases \$590 Returns to credit suppliers \$110 Cheques paid to credit suppliers \$291 Discount received from credit suppliers \$9 Interest charged by credit supplier \$5 What was the balance on his purchases ledger control account on 1 June?
- A. \$595
 - B. \$605 (Your Answer)(Correct)
 - C. \$613
 - D. \$623

Correct

Points earned: 1 out of 1

- Q11) A limited company whose capital consisted of ordinary shares ceased trading and was not able to pay its debts. Which statement is correct?
- A. Shareholders would have to pay a proportion of the debt based on the number of shares owned.

- B. Shareholders would have to pay a proportion of the debt based on the value of shares owned.
- C. Shareholders would have to sell their personal possessions to pay the debts of the company.
- D. Shareholders would lose the money that was paid when the shares were first purchased. (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

- Q12) Abeo prepares financial statements to 31st December each year. Abeo bought machinery for \$40,000 on 1st January year 1. He charges depreciation on machinery at 20% per annum using the reducing balance method. Depreciation is charged in the year of purchase but not in the year of sale. On 1st January year 3, the machinery was sold for \$22,000. Which journal entry records the profit or loss on the disposal of the machine?
- A. Dr: Disposal of machinery \$2000 Cr: Income Statement \$2000
 - B. Dr: Disposal of machinery \$3600 Cr: Income statement \$3600
 - C. Dr: Income statement \$2000 Cr: Disposal of machinery \$2000
 - D. Dr: Income Statement \$3600 Cr: Disposal of machinery \$3600 (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

- Q13) Devi prepared the following journal entry to correct an error. Debit: Samir \$40
Credit: Samuel \$40 Which error was being corrected?
- A. Cash paid to Samir had been credited to Samuel
 - B. Cash received from Samuel had been debited to Samir
 - C. Goods bought from Samir had been credited to Samuel
 - D. Goods sold to Samir had been debited to Samuel (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

- Q14) Which document from a supplier reduces the amount owed by a customer?
- A. credit note (Your Answer)(Correct)
 - B. debit note
 - C. invoice
 - D. statement of account

Correct

Points earned: 1 out of 1

- Q15) Tarek produced a statement of affairs at 31st December year 1 and at 31st December year 2. During year 2, his long-term loan increased by \$3000 and his net current assets decreased by \$1000. Depreciation for the year was \$500. By how much did the total of Tarek's capital decrease?
- A. \$2500
 - B. \$3500
 - C. \$4000
 - D. \$4500 (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

- Q16) What is the purpose of a partnership appropriation account?
- A. to calculate partners' salaries
 - B. to record partners' drawings
 - C. to show the distribution of profits between partners' (Your Answer)(Correct)
 - D. to show the movement on partners' capital accounts

Correct

Points earned: 1 out of 1

- Q17) There are 120 members of a sports club. The annual subscription is \$60. At the beginning of the year, no members were paid in advance and no members had subscriptions outstanding. At the end of the year, 7 members had not paid and 3 members had paid in advance. Which amount was shown for subscriptions in the income and expenditure account?
- A. \$6600
 - B. \$6960
 - C. \$7200 (Your Answer)(Correct)
 - D. \$7800

Correct

Points earned: 1 out of 1

- Q18) Jacob settled the account of Ahmed, a credit supplier. He made the following entries on the credit side of his cash book. Details Discount \$ Cash \$ Bank \$ Ahmed 5 ---- 195 Which entries did Jacob make on the debit side of Ahmed's account?
- A. Bank \$195
 - B. Bank \$200
 - C. Bank \$195 Discount allowed \$5

D. Bank \$195 Discount received \$5 (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

Q19) A business provided the following information. current assets \$25 000 current liabilities \$12 000 non-current assets \$18 000 non-current liabilities \$21 000 What was the capital of the business?

- A. \$10 000 (Your Answer)(Correct)
- B. \$22 000
- C. \$31 000
- D. \$43 000

Correct

Points earned: 1 out of 1

Q20) Stephanie's major competitor has invested in a new machine for making goods more cheaply. Stephanie knows this will affect her sales but did not record this in her accounting records. Which accounting principle is Stephanie applying?

- A. going concern
- B. materiality
- C. money measurement (Your Answer)(Correct)
- D. prudence

Correct

Points earned: 1 out of 1

Q21) On the last day of the financial year, Khalid purchased office fittings, \$900. This was incorrectly recorded as office expenses, \$90. Khalid does not charge depreciation in the year of purchase. What was the effect on the profit for the year?

- A. overstated by \$810
- B. overstated by \$990
- C. understated by \$90 (Your Answer)(Correct)
- D. understated by \$900

Correct

Points earned: 1 out of 1

Q22) James is a partner in a business. He made a loan to the business and received a

loan interest. What is the double entry in the books of the partnership for the loan interest James has received?

- A. Debit: Bank account Credit: James current account
- B. Debit: Interest on loan account Credit: bank account (Your Answer)(Correct)
- C. Debit: Interest on loan account Credit: James current account
- D. Debit: James current account Credit: Bank account

Correct

Points earned: 1 out of 1

Q23) What is shown in a manufacturing account? 1. cost of materials consumed 2. purchases of finished goods 3. cost of production 4. cost of sales

- A. 1 and 2 only
- B. 1 and 3 only (Your Answer)(Correct)
- C. 1, 2 and 3 only
- D. 1,2,3 and 4

Correct

Points earned: 1 out of 1

Q24) A trader decided to reduce her level of inventory in order to reduce the storage costs. Sales quantity and selling price were not affected. # How did this affect the profit for the year and the rate of inventory turnover?

- A. Profit for the year: decreased Rate of inventory turnover: decreased
- B. Profit for the year: decreased Rate of inventory turnover: increase
- C. Profit for the year: increased Rate of inventory turnover: decreased
- D. Profit for the year: increased Rate of inventory turnover: increased (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

Q25) A trader provided the following information for the year ended 31 December. Total cash and credit purchases of goods for resale \$150000 Cash purchases of goods for resale \$17000 Credit purchases of non-current assets \$25000 His trade payables at that date were \$8000 What was the trade payables turnover?

- A. 17 days
- B. 20 days
- C. 22 days (Your Answer)(Correct)
- D. 24 days

Correct

Points earned: 1 out of 1

Q26) What is prepared by a book-keeper?

- A. appropriation account
- B. cash book (Your Answer)(Correct)
- C. income statement
- D. statement of financial position

Correct

Points earned: 1 out of 1

Q27) A trader bought a machine for use in the business. He paid part of the cost in cash and agreed to pay the remaining part in 15 months' time. In addition to the non-current assets, which items in the statement of financial position will increase as a result of this transaction?

- A. Current assets: Yes Current liabilities: Yes Non-current liability: Yes
- B. Current assets: Yes Current liabilities: No Non-current liability: Yes
- C. Current assets: No Current liabilities: Yes Non-current liability: No
- D. Current assets: No Current liabilities: No Non-current liability: Yes (Your Answer)(Correct)

Correct

Points earned: 1 out of 1

Q28) Which item is debited in the sales ledger control account?

- A. cash discount
- B. contra entry
- C. interest on overdue account (Your Answer)(Correct)
- D. provision for doubtful debts

Correct

Points earned: 1 out of 1

Q29) Why would a business record the amount owing by a credit customer as an irrecoverable debt?

- A. The customer has gone out of business (Your Answer)(Correct)
- B. The customer has liquidity problems
- C. The customer is making a loss
- D. The customer is not satisfied with the goods

Correct

Points earned: 1 out of 1

Q30) Which item should be treated as capital expenditure?

- A. the annual depreciation on office premises
- B. the cost of building an office extension (Your Answer)(Correct)
- C. the cost of repairing office equipment
- D. the purchase of a new computer for sale

Correct

Points earned: 1 out of 1

Q31) Wayne provided the following information. Revenue \$12800 Opening inventory \$1000 Purchases \$10500 Closing inventory \$1600 Cost of sales \$9900 Gross Profit \$2900 What was Wayne's gross profit margin?

- A. 22.66% (Your Answer)(Correct)
- B. 25.22%
- C. 27.62%
- D. 29.29%

Correct

Points earned: 1 out of 1

Q32) The total of the debit column of a trial balance was more than the total of the credit column. One account balance had been entered in the wrong column. Which one was it?

- A. cash
- B. discount received (Your Answer)(Correct)
- C. drawings
- D. irrecoverable debts

Correct

Points earned: 1 out of 1

Q33) Fatima required additional finance for her business and borrowed funds from Ali. This was deposited into the business bank account. How should Fatima record this?

- A. Debit: Bank, Credit: Ali (loan) (Your Answer)(Correct)
- B. Debit: Bank, Credit: Ali (trade payable)
- C. Debit: Ali (loan), Credit: Bank
- D. Debit: Ali (trade payable), Credit: Bank

Correct

Points earned: 1 out of 1

- Q34) Jack cash book showed an overdrawn balance at bank of \$2600. Comparing the cash book with the bank statement, it was discovered that direct debits of \$200 had not yet been recorded by Jack. He then updated his cash book. What was the bank balance in Jack's updated cash book?
- A. \$2400 credit
 - B. \$2400 debit
 - C. \$2800 credit (Your Answer)(Correct)
 - D. \$2800 debit

Correct

Points earned: 1 out of 1

- Q35) Aggie is a trader. She uses the following methods of depreciation for different types of non-current assets. Straight-line at 20% per annum. Reducing balance at 25% per annum. Revaluation On 1st January year 1, Aggie purchased small items of equipment costing a total of \$2400 and fittings costing \$8000. On 31st December year 2, Aggie estimated that the equipment was worth 70% of its original cost. The statement of financial position showed the netbook value of the equipment as \$1680 and fittings as \$4800. Which depreciation methods has Aggie used?
- A. Equipment: reducing balance Fittings: straight-line
 - B. Equipment: revaluation Fittings: reducing balance
 - C. Equipment: revaluation Fittings: straight-line (Your Answer)(Correct)
 - D. Equipment: straight-line Fittings: revaluation