SECTION A – 15 Marks

1. A business bought a computer for the office and paid cash. How will the business record this transaction?

<table>
<thead>
<tr>
<th>Account debited</th>
<th>Account credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Purchases</td>
<td>Cash</td>
</tr>
<tr>
<td>B Office Equipment</td>
<td>Cash</td>
</tr>
<tr>
<td>C Cash</td>
<td>Purchases</td>
</tr>
<tr>
<td>D Cash</td>
<td>Office Equipment</td>
</tr>
</tbody>
</table>

2. Goods for resale are sold for cash. What are the entries in the books of the seller?

<table>
<thead>
<tr>
<th>Account debited</th>
<th>Account credited</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Cash</td>
<td>Purchases</td>
</tr>
<tr>
<td>B Cash</td>
<td>Sales</td>
</tr>
<tr>
<td>C Sales</td>
<td>Cash</td>
</tr>
<tr>
<td>D Purchases</td>
<td>Cash</td>
</tr>
</tbody>
</table>

3. What is a cash book?

<table>
<thead>
<tr>
<th>Book of prime entry</th>
<th>Ledger account</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Yes</td>
<td>No</td>
</tr>
<tr>
<td>B No</td>
<td>Yes</td>
</tr>
<tr>
<td>C Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>D No</td>
<td>No</td>
</tr>
</tbody>
</table>

4. A purchases journal is used to record

A the day to day cash and credit purchases of a business
B the day to day cash purchases of a business
C the day to day credit purchases of a business
D The day to day credit sales of a business

5. The total of a sales day book representing credit sales for a certain period is posted to

A credit side of a sales account
B debit side of a sales account
C cash book
D sales journal

6. A sales journal is used to record

A the day to day cash and credit sales of a business
B the day to day cash sales
C the day to day credit sales only
D the day to day credit sales return of a business

7. The document received when goods are returned to the supplier is termed as

A Invoice
B Debit note
C Credit note
D Statement of account
8. What would be recorded in the general journal?
   A. Credit sale of goods
   B. Machinery bought on credit
   C. Cash purchases
   D. Cash paid to supplier

9. The total of the discount column of the debit side of the three column cash book is posted to
   A. Discount allowed account
   B. Bad debts account
   C. Cash account
   D. Discount received account

10. A business purchases goods on credit for $2000, less 25% trade discount, with a cash discount of 5%. How much will the business pay?
    A. $ 1 900  B. $ 1 425  C. $ 1 500  D. $ 1 400

11. A trial balance
    A. is a statement of assets and liabilities only
    B. is prepared to calculate gross profit
    C. is prepared to check the arithmetical accuracy of the double entry records
    D. Is part of the double entry

12. Jaanvi provides the following information:

    Revenue: $75 000
    Inventory – 1\textsuperscript{st} jan: $11 000
    Ordinary goods purchased: $39 000
    Inventory – 31\textsuperscript{st} Dec: $13 000
    Expenses: $23 000

    What is her net profit?
    A. $ 38 000  B. $ 11 000  C. $ 13 000  D. $ 15 000

13. Sam buys goods for $24 000 and then sells three quarter of them for $32 000. What is his gross profit?
    A. $ 6 000  B. $ 18 000  C. $ 12 000  D. $ 22 500

14. Which of the following is correct?

    | Assets ($) | Liabilities ($) | Capital ($) |
    |------------|----------------|-------------|
    | A          | 4 100          | 1 400       | 5 500       |
    | B          | 10 840         | 13 080      | 2 240       |
    | C          | 10 500         | 4 000       | 6 500       |
    | D          | 12 200         | 4 300       | 16 500      |

15. What is the purpose of preparing a statement of financial position?
    A. To check the accuracy of the books
    B. To give details of the owner’s capital
    C. To measure profitability of the business
    D. To show the financial state of the business