

Quiz

What is your level of Accounting knowledge?

This quiz contains four questions which are taught in Elementary Bookkeeping course. The result from this quiz can determine your proficiency level and can help choose the best level to start with.

You may email to rafflesonline@hotmail.com for marking.

Question 1: (Extract from Chapter 8 Financial Statement: more feature)

From the following trial balance of T Williams prepare the income statement for the year ended 31 May Year 7 together with the statement of financial position at that date.

T Williams		
Trial Balance at 31 May Year 7		
	Dr	Cr
	\$	\$
Revenue		139,200
Purchases	103,500	
Wages and salaries	15,320	
Buildings	32,000	
Opening inventory, 1 June Year 6	27,230	
Carriage inwards	630	
Rent	5,400	
Fixture and fittings	4,250	
Return outwards		960
Insurance	325	
Return inwards	430	
Trade receivables	21,460	
Trade payables		12,240
Loan from T Smart, repayable in Year 11		15,000
Sundry expenses	475	
Carriage outwards	2,340	
Cash at bank	4,450	
Cash in hand	195	
Drawings	11,400	
Capital		62,005
	229,405	229,405

Closing inventory at 31 May Year 7 was valued at \$30,580.

Question 2: (Extract from Chapter 10 Depreciation)

On 1 January Year 1, G Lane sets up a small printing business and purchases a printing machine for \$65,000 by cheque.

He estimates that the machine will have a working life of 6 years and that, at the end of that time, it will have a scrap value of \$5,000.

Required

- (a) making calculations to the nearest \$, prepare, in respect of Years 1-4, the following accounts:
- (i) printing machine at cost
 - (ii) accumulated depreciation of printing machine, using alternatively the:
 - straight line method
 - reducing balance method at a rate of 35%

NOTE

The method of depreciation being applied must be stated alongside the heading of each provision account. The accounts should be balanced at each year end.

- (b) state the difference in the amount of total net profit over Years 1-4 using the reducing balance method of depreciation instead of the straight line method.

Question 3: (Extract from Chapter 12 The Journal and Errors in the Accounts)

During July Year 4 Peter Franklin, sole trader:

- (1) Sent a cheque for \$360 as rent payable. One-third of this was for rent of P Franklin's private accommodation and the balance was for rent of business premises.
- (2) Sold a delivery vehicle for \$450 in cash. The vehicle was shown in his Ledger at a figure of \$700. He also had a provision for depreciation of delivery vehicle with a balance of \$300.
- (3) Sold goods on credit for \$96 to Andrew Smith. This was recorded in both the sales account and personal account of Andrew Smith as \$69.
- (4) Had repairs and painting carried out on his business premises at a cost of \$540. This was debited to business premises account and credited to the personal account of the builder.

Required

Draw up the journal entries (including narrations) in respect of (1), (2) and also to correct the errors in (3) and (4).

Note

Bank and cash entries should be journalized.

Question 4: (Extract from Chapter 11 Accrual and Prepayment)

M Tiong, a sole trader engaged in wholesaling, extracted the following trial balance from his book at 30 April Year 5:

M Tiong		
Trial Balance at 30 April Year 5		
	Dr	Cr
	\$	\$
Furniture & fittings	6,000	
Cash at bank	3,240	
Cash in hand	160	
Opening inventory 1 May Year 4	2,970	
Purchases and Revenue	13,890	35,030
Insurance	2,340	
Motor vehicle	7,400	
Trade receivable and Trade payables	8,400	3,650
Wages and salaries	9,350	
Capital 1 May Year 4		20,000
Drawings	4,500	
Sundry expenses	430	
	<u>58,680</u>	<u>58,680</u>

In addition, the following information should be taken into account:

- (1) Closing inventory at 30 April Year 5 has been valued at \$3,160
- (2) Wages accrued amount to \$280
- (3) Insurance prepaid advance \$140

Required

Prepare, in respect of M Tiong, the

- (a) Income statement for the year ended 30 April Year 5.
- (b) Statement of financial position at 30 April Year 5.