

## Paper 1 Quiz 1

Name: \_\_\_\_\_ Class: \_\_\_\_\_

1. Accountant should explain the key results using simple terms, ratios and graphs. This statement is concerned with which of the following accounting functions?
- A. Recording
  - B. Classifying
  - C. Summarising
  - D. **Communicating**
- ☐
2. The following tasks are to be performed in an accounting cycle:
- (1) Balancing off the accounts
  - (2) Recording sales in cash book
  - (3) Prepare a statement of financial position
  - (4) Posting entries to the ledgers
- Which of the following is the correct sequence of carrying out the above tasks?
- A. (1) → (2) → (3) → (4)
  - B. (2) → (1) → (4) → (3)
  - C. **(2) → (4) → (1) → (3)**
  - D. (4) → (2) → (3) → (1)
- ☐
3. When a firm pays a creditor in cash for the goods bought in the previous month, the effects on its assets and liabilities are
- | <i>Effect on assets</i>            | <i>Effect on liabilities</i> |
|------------------------------------|------------------------------|
| A. Reduce cash; Increase inventory | No effect                    |
| B. Increase cash                   | Increase creditors           |
| C. <b>Reduce cash</b>              | <b>Reduce creditors</b>      |
| D. Reduce cash                     | Increase creditors           |
- ☐
4. When a firm repays a bank loan by cheque, the effects on its assets and liabilities are:
- | <i>Effect on assets</i> | <i>Effect on liabilities</i> |
|-------------------------|------------------------------|
| A. Increase bank        | Decrease creditors           |
| B. Decrease cash        | Increase bank loans          |
| C. Increase cash        | Decrease creditors           |
| D. <b>Decrease bank</b> | <b>Decrease bank loans</b>   |
- ☐
5. Which of the following double entries are correct?
- | <i>Transactions</i>                        | <i>Account to be debited</i> | <i>Account to be credited</i> |
|--|------------------------------|-------------------------------|
| (1) Bought goods on credit from Times Ltd. | Times Ltd                    | Purchase                      |
| (2) Returned machinery to K Chau Ltd.      | K Chau Ltd                   | Machinery                     |
| (3) Received a cash loan from C Long.      | Cash loan                    | C Long                        |
| (4) The owner drew cash for personal use.  | Drawings                     | Cash                          |
- A. (1) and (3) only
  - B. (2) and (3) only
  - C. **(2) and (4) only**
  - D. (2), (3) and (4) only
- ☐

- 

- 

- 

- 

-

11. Which of the following effects on the assets, capital and liabilities brought about by the respective transaction is correct?

<u>Transactions</u>	<u>Asset</u>	<u>Capital</u>	<u>Liability</u>
A. Owner injected his own motor van to the firm.	Increases	Increases	Increases
B. Received cash from a customer as settlement of his account.	Increases	unchanged	decreases
C. Owner repaid a bank loan for the firm by his personal cheque.	unchanged	Increases	decreases
D. Paid rent of the firm for the current month in cash	decreases	unchanged	decreases

12. Which of the following descriptions of 'debit' and 'credit' in accounting is/are correct?

☐

- (1) 'Debit' means an increase and 'credit' means a decrease in the amount of an account.  
 (2) 'Debit' side refers to the left-hand side and 'credit' side refers to the right-hand side of an account.  
 (3) 'Debit' balance is positive and 'credit' balance is negative.

- A. (1) only  
 B. (2) only  
 C. (1) and (2) only  
 D. (2) and (3) only

☐

13. Which of the following double entries are correct?

<u>Transactions</u>	<u>Account to be debited</u>	<u>Account to be credited</u>
(1) Returned goods to suppliers	Purchases	Returns outwards
(2) Deposited cash into the bank account	Bank	Cash
(3) Sold goods to customers on credit	Trade receivables	Sales

- A. (1) and (2) only  
 B. (1) and (3) only  
 C. (2) and (3) only  
 D. (1), (2) and (3)

☐

14. Miss Lee drew a personal cheque to pay an electricity bill for her business. Which of the following double entries for the business is correct?

<u>Debit</u>	<u>Credit</u>
A. drawings	cash at bank
B. drawings	capital
C. electricity expenses	cash at bank
D. electricity expenses	capital

☐

15. On 1 March 2018, the cash at bank account and the cash in hand account of a firm carried debit balances of \$15 000 and \$12 000 respectively. Cash sales for the month were \$13 000, of which \$5 000 was kept in the safe and the remaining cash from sales was deposited into the bank before the month end. During the month, \$9 000 was paid for expenses in cash and \$26 000 was paid to acquire equipment by cheque.

The cash at bank account carried a \_\_\_\_\_ on 31 March 2018.

- A. credit balance of \$3 000  
 B. credit balance of \$6 000  
 C. debit balance of \$5 000  
 D. debit balance of \$8 000

☐