



Entry Test

Academic Session 2019-20

ACCOUNTS

Total Marks **25**

45 min

Class: IG-II(IX)

Write in block letters:

Candidate Name

Date

Kindly read the instructions carefully;

- 1 Answers must be written in ink.**
- 2 Write the number of question distinctly before each answer.**

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Total Marks		Marks Obtained		Percentage	
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- 1 The recording of financial transactions and events manually or electronically is called which of the following?
 - A) Bookkeeping
 - B) Budgeting
 - C) Auditing
 - D) Reporting

- 2 Which form of ownership burdens owners with the greatest risk of loss of their personal assets?
 - A) Limited partnership (LP)
 - B) Limited liability partnership (LLP)
 - C) Corporation
 - D) Sole proprietorship

- 3 If at the end of the accounting period the liabilities total \$18,000, and equity totals \$32,000, then what must be the total of the assets?
 - A) \$14,000
 - B) \$18,000
 - C) \$32,000
 - D) \$50,000

- 4 The total assets and total liabilities of a firm are reported on which of the following?
 - A) Income statement
 - B) Balance sheet
 - C) Statement of cash flows
 - D) Statement of owner's equity

- 5 Withdrawals increase equity.
 - A) True
 - B) False

- 6 When cash is received from a customer in payment for an account receivable, how are the elements of the accounting equation affected?
 - A) Decrease assets (cash) and increase assets (accounts receivable)
 - B) Increase assets (cash) and decrease assets (accounts receivable)
 - C) Increase assets and increase liabilities
 - D) Increase assets and increase equity

- 7 The investment of cash in the business will result in which of the following?
 - A) An increase in cash and a decrease in equity
 - B) An increase in cash and an increase in equity
 - C) A decrease in cash and an decrease in liabilities
 - D) An increase in fees earned and an increase in equity

- 8 Keith Farfalle withdrew \$5,000 from his pet store, KM's Pets. Recording the withdrawal will result in which of the following changes to the components of the accounting equation?
- A) Increase in an asset and increase a liability
 - B) Decrease in an asset and decrease a liability
 - C) Increase in an asset and increase in equity
 - D) Decrease in an asset and decrease in equity
- 9 Assets total \$100,000 and liabilities total \$20,000. What is the equity of the business?
- A) \$80
 - B) \$800
 - C) \$8,000
 - D) \$80,000
- 10 If during the accounting period the assets decreased by \$10,000, and equity increased by \$2,000, then how did liabilities change?
- A) Increased by \$12,000
 - B) Increased by \$8,000
 - C) Decreased by \$12,000
 - D) Decreased by \$8,000

Q. 2 The following balances are taken from the books of George Anderson at the end of his first year trading on 31 December 2014. [15]

	Debit	Credit
	\$	\$
Sales		40000
Purchases	18500	
Wages and salaries	5100	
Repairs and maintenance	1300	
Heating and lighting	900	
General expenses	1200	
Insurance	800	
Cash at bank	2200	
Cash in hand	1300	
Trade receivables	4100	
Trade payables		3400
Premises	30000	
Fixtures and fittings	10000	
Motor vehicle	8000	
Capital at 1 January 2014		52000
Drawings	12000	
	<u>95400</u>	<u>95400</u>

The following additional information is available:

Inventory at 31 December 2014 was valued at \$4500.

Required:

- (a) Prepare income statement for the year ended 31 December 2014.
- (b) Prepare a balance sheet as at 31 December 2014.