

Chapter 3 Introduction to Accounting

Section 2

The Accounting Cycle



Double Entry System and Business Transactions in Ledger

1. Which of the following accounting equations are correct?
- (1) Non-current assets + Current assets = Non-current liabilities – Current liabilities + Capital
(2) Assets – Liabilities = Capital + Revenue – Expenses
(3) Capital + Non-current liabilities = Non-current assets + Working capital
- A. (1) and (2) only
B. (1) and (3) only
C. (2) and (3) only
D. (1), (2) and (3)

2. Which of the following double entries is correct for the transactions of goods returned by a customer?

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Returns inwards	Trade payables
B.	Returns inwards	Trade receivables
C.	Returns outwards	Trade payables
D.	Returns outwards	Trade receivables

3. A sole proprietor contributes his own van with a value of \$4,000 to the business. The double entries should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Asset	Liability
B.	Cash	Capital
C.	Capital	Van
D.	Van	Capital

4. A sole proprietor borrows \$50,000 cash from the bank for the purchase of computer equipment of \$40,000 in the office. The remaining cash is held in hand. The double entries should be:

	<u>Account(s) to be debited</u>	<u>Account(s) to be credited</u>
A.	Equipment, \$50,000	Bank loan, \$50,000
B.	Equipment, \$40,000 Cash, \$10,000	Bank loan, \$50,000
C.	Bank loan, \$50,000	Equipment, \$40,000 Cash, \$10,000
D.	Cash, \$50,000	Equipment, \$40,000 Bank loan, \$10,000

5. Which of the following is **NOT** an example of additional capital?
- A sole proprietor purchases a car through the bank account of the company.
 - A sole proprietor brings a second-hand computer from his home to the office.
 - A sole proprietor transfers \$1,000 from his own bank account to the company's account.
 - A sole proprietor uses his own building as an office without receiving any rent.
6. Which of the following is **NOT** an example of non-current assets?
- a second-hand computer used in the office
 - a van that is purchased through instalments the total amount of which is not fully settled
 - \$40,000 cash
 - a building bought by the company
7. Which of the following statements are correct?
- The total amount of liabilities can be greater than the total amount of capital.
 - Assets = Capital + Liabilities
 - The total amount of assets can be greater than the sum of liabilities and capital.
- (1) and (2) only
 - (1) and (3) only
 - (2) and (3) only
 - (1), (2) and (3)
8. The company purchases \$10,000 fixtures for company use on credit. Which of the following will be affected?
- assets
 - liabilities
 - capital
- (1) and (2) only
 - (1) and (3) only
 - (2) and (3) only
 - (1), (2) and (3)
9. Suppose a company purchases \$50,000 goods on credit. The double entries should be:
- | | <u>Account to be debited</u> | <u>Account to be credited</u> |
|----|------------------------------|-------------------------------|
| A. | Purchases | Cash |
| B. | Accounts payable | Purchases |
| C. | Purchases | Accounts payable |
| D. | Accounts receivable | Accounts payable |

10. Suppose a debtor of Jacky repays his debt of \$50,000 by transferring the money into the bank account of Jacky's business. The effect of the transaction on the accounting equation would be:
- Both assets and liabilities increase by \$50,000.
 - Both assets and liabilities decrease by \$50,000.
 - Only assets decrease by \$50,000.
 - Assets and liabilities remain unchanged.

11. Suppose a company pays \$50,000 to its creditors by cheque. The double entries should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Accounts receivable	Bank
B.	Accounts payable	Bank
C.	Accounts payable	Cash
D.	Cash	Accounts payable

12. Suppose a company purchases a computer of \$40,000 by paying \$20,000 cash in hand and \$20,000 cash at bank. The double entries should be:

	<u>Account(s) to be debited</u>	<u>Account(s) to be credited</u>
A.	Computer, \$40,000	Cash, \$40,000
B.	Computer, \$40,000	Cash, \$20,000 Bank, \$20,000
C.	Cash, \$40,000	Computer, \$40,000
D.	Bank, \$20,000 Cash, \$20,000	Computer, \$40,000

13. Suppose a sole proprietor withdraws \$50,000 inventory from the firm. The double entries should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Capital	Inventory
B.	Drawings	Purchases
C.	Inventory	Drawings
D.	Inventory	Capital

14. Suppose a sole proprietor settles the rental expenses of the company amounting to \$10,000 through his personal bank account. The double entries should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Rental expense	Capital
B.	Rental expense	Bank
C.	Rental expense	Cash
D.	Rental expense	Drawings

15. Suppose a debtor of the company repays part of his debt of \$6,000 by cheque. At the same time, the company purchases a piece of equipment of \$26,000 by cash. The relevant double entries should be:

	<u>Account(s) to be debited</u>	<u>Account(s) to be credited</u>
A.	Equipment, \$26,000	Cash, \$26,000
B.	Equipment, \$26,000 Bank, \$6,000	Cash, \$32,000
C.	Equipment, \$26,000 Bank, \$6,000	Cash, \$26,000 Accounts receivable, \$6,000
D.	Accounts receivable, \$6,000 Bank, \$6,000	Cash, \$12,000

16. Suppose a sole proprietor withdraws \$5,000 cash from the business. At the same time, he brings his computer with a value of \$5,000 into the business. The double entries should be:

	<u>Account(s) to be debited</u>	<u>Account(s) to be credited</u>
A.	Computer, \$5,000	Cash, \$5,000
B.	Computer, \$5,000 Capital, \$5,000	Cash, \$5,000 Drawings, \$5,000
C.	Computer, \$5,000 Drawings, \$5,000	Cash, \$5,000 Capital, \$5,000
D.	(No entries would be required.)	

17. Suppose Mr. Chan lends \$500,000 cash to the company. At the same time, the company uses part of the money to repay the amount owed to a creditor and holds the remaining amount of \$400,000 in the bank account. Which of the following effects on the accounting equation is correct?

- A. Assets increase by \$400,000 and liabilities increase by \$400,000.
 B. Assets increase by \$500,000 and liabilities increase by \$500,000.
 C. Assets increase by \$400,000 and liabilities decrease by \$500,000.
 D. Assets decrease by \$500,000 and liabilities increase by \$400,000.

18. Refer to Question 17, the double entries should be:

	<u>Account(s) to be debited</u>	<u>Account(s) to be credited</u>
A.	Cash, \$500,000 Bank, \$400,000	Accounts payable, \$900,000
B.	Cash, \$100,000 Bank, \$400,000	Loan from Mr. Chan, \$500,000
C.	Cash, \$400,000 Accounts payable, \$100,000	Bank, \$500,000
D.	Accounts payable, \$100,000 Bank, \$400,000	Loan from Mr. Chan, \$500,000

19. Under the double-entry system, what is the value of X if assets, current liabilities, non-current liabilities and capital are X, \$40,000, \$60,000 and \$350,000 respectively?
- \$250,000
 - \$350,000
 - \$370,000
 - \$450,000
20. Suppose a company purchases \$50,000 computer as goods on credit from Mr. Chan. The double entries should be:
- | | <u>Account to be debited</u> | <u>Account to be credited</u> |
|----|--------------------------------|--------------------------------|
| A. | Computer | Accounts payable – Mr. Chan |
| B. | Accounts receivable – Mr. Chan | Computer |
| C. | Purchases | Accounts payable – Mr. Chan |
| D. | Purchases | Accounts receivable – Mr. Chan |
21. Which of the following is correct under the double-entry system?
- Asset amount must be equal to liability amount.
 - The change in asset must be compensated by a change in liability.
 - The change in a debit-side entry must be compensated by a change in credit-side entry.
 - An increase in asset must be compensated by a decrease in asset.
22. Which of the following statements is correct?
- An increase in cash is represented by a credit entry in cash account.
 - A capital injection is represented by a debit entry in drawings account.
 - A purchase of fixtures by cheque is represented by a debit entry in fixtures account and a credit entry in cash account.
 - A repayment of bank loan by cash is represented by a debit entry in bank loan account and a credit entry in cash account.
23. Which of the following statements regarding the double-entry system is **INCORRECT**?
- An increase in asset means a credit entry in assets account.
 - A decrease in liability means a debit entry in liabilities account.
 - An increase in drawings means a debit entry in capital account.
 - A decrease in non-current asset means a credit entry in assets account.
24. Which of the following transactions affects the total value of liabilities of a firm?
- goods purchased from suppliers by cash
 - interest received from bank
 - office equipment bought on credit
 - goods sold to customers on credit

25. Suppose Lily contributes \$20,000 cash to start a company. In the same month, the company purchases an air-conditioner of \$5,000. The amount is paid by cash. Assume no other transactions have taken place in this month, what is the closing balance of cash account for this month?
- A. debit balance of \$20,000
 - B. debit balance of \$15,000
 - C. credit balance of \$20,000
 - D. credit balance of \$15,000
26. Suppose the opening balance of machinery account is a debit balance of \$100,000. Within this month, there is a purchase of machinery by an equivalent settlement of \$400,000 debt amount. Also, there is a sale of machinery to the sole proprietor at the cost price of \$20,000. What is the opening balance of the machinery account the next month?
- A. debit balance of \$480,000
 - B. debit balance of \$500,000
 - C. credit balance of \$480,000
 - D. credit balance of \$500,000
27. On 1 April 20X6, Mr Chui sets up a firm and brings in office equipment of \$5,000 and inventory of \$3,000 to the business. Mr Chui puts \$8,000 into the firm's cash box and \$10,000 into the firm's bank account. Meanwhile, the firm lends \$5,000 cash to AAA Limited and borrows \$20,000 from the bank to acquire a piece of premises.

What is the amount of the firm's capital on 1 April 20X6?

- A. \$51,000
 - B. \$21,000
 - C. \$26,000
 - D. \$46,000
28. Which of the following is correct if the sole proprietor of a company borrows \$30,000 in the name of the company and deposits it into the company's bank account?
- A. The assets of the company increase by \$30,000.
 - B. The liabilities of the company decrease by \$30,000.
 - C. The capital of the company increases by \$30,000.
 - D. The drawings of the company increase by \$30,000.

Based on the following information, answer Questions 29 to 31.

Suppose Mr. Chan sets up a new company by injecting \$40,000 cash and bringing in a vehicle of \$30,000 on the first day. The company then purchases \$20,000 goods on credit and furniture of \$10,000 in cash in the same month.

29. What is the closing balance of the cash account at the end of the month?

- A. debit balance of \$10,000
- B. credit balance of \$20,000
- C. debit balance of \$30,000
- D. credit balance of \$70,000

30. The double entries for the setting up of the new company should be:

	<u>Account(s) to be debited</u>	<u>Account(s) to be credited</u>
A.	Cash	Capital
B.	Cash	Vehicle
C.	Cash Vehicle	Bank
D.	Cash Vehicle	Capital

31. Which of the following entries are relevant to the above description?

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Purchases \$20,000	Cash \$20,000
B.	Furniture and fittings \$10,000	Cash \$10,000
C.	Furniture and fittings \$10,000	Purchases \$10,000
D.	Accounts payable \$20,000	Cash \$20,000

32. Which of the following cases show(s) the situation(s) that the list price is higher than the net price after a deduction as stated on the sales invoice?

- (1) There is a trade discount of 5% given by the seller.
- (2) There is a cash discount of 5% given by the seller.
- (3) Some goods are returned to the supplier.

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

Based on the following information, answer Questions 33 to 34.

Suppose *Company ABC* has completed the following transactions in September 20X8.

1. sales of goods of \$10,000 to A. Lee's company on credit
2. purchase of goods of \$20,000 from B. Lee's company on credit
3. purchase of goods of \$25,000 from C. Lee's company on credit
4. sales of office-use computer of \$10,000 to D. Lee's company on credit

33. What is total amount recorded in the sales account for this month?

- A. \$10,000
- B. \$20,000
- C. \$55,000
- D. \$65,000

34. Which of the following shows the correct double entries for transaction 1?

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Accounts receivable – A. Lee	Sales
B.	Accounts payable – A. Lee	Sales
C.	Sales	Sales
D.	Cash	Sales

Based on the following information, answer Questions 35 to 37.

Suppose *ABC Company* is a business providing cosmetic retailing services. In the month of January, *ABC Company* had the following transactions:

Jan 1	purchase of goods of \$12,000 from Alfred by cash
Jan 8	sales of a computer of \$20,000 to Billy on credit
Jan 10	sales of goods of \$1,000 to Carly by cash
Jan 11	purchase of goods of \$3,000 from Danny on credit
Jan 13	sales of goods of \$5,000 to Elaine by cash
Jan 15	sales of goods of \$4,000 to Fanny on credit
Jan 20	return of goods of \$1,000 to Alfred
Jan 24	return of goods from Fanny at the original selling price of \$500, and the remaining balance was settled by cash
Jan 29	return of goods of \$2,000 from Elaine
Jan 31	sales of goods of \$5,000 to Gillian on credit

35. What is the total amount recorded in the sales account in this month?

- A. \$6,000
- B. \$9,000
- C. \$15,000
- D. \$35,000

36. What is the total amount recorded in the purchases account in this month?
- A. \$3,000
 - B. \$9,000
 - C. \$12,000
 - D. \$15,000
37. What is the closing balance of Fanny's account in this month?
- A. debit balance of \$500
 - B. debit balance of \$1,000
 - C. credit balance of \$500
 - D. zero balance
38. Which of the following is **NOT** a reason for discounts allowed to be offered to the debtors?
- A. increase the amount paid by the debtors
 - B. improve the liquidity by turning the accounts receivable into cash
 - C. encourage earlier settlement of debts by debtors
 - D. reduce the level of bad debts
39. Which of the following statements is correct about credit period?
- A. If a customer purchases goods within the credit period, a cash discount will be allowed to the customer.
 - B. If a customer settles the payment within the credit period, a cash discount will be allowed to the customer.
 - C. It refers to the period in which customers must settle their debts due.
 - D. It refers to the period in which customers need to settle one-third of the debts in order to avoid further interests charged.
40. *ABC Company* sold 10 units of goods with a unit list price of \$200 on 1 January 20X7. Given that the trade discount is 5% and the cash discount is 10%, and that the cash discount period is 10 days and the credit period is 30 days, if the customer settles the debt on 28 January 20X7, what is the actual amount he needs to pay?
- A. \$1,710
 - B. \$1,805
 - C. \$1,900
 - D. \$2,000
41. Which of the following is correct about discounts received?
- A. It refers to the discounts offered by a third party for some reasons.
 - B. It refers to the discounts enjoyed by customers due to bulk purchases.
 - C. It refers to the discounts offered by the supplier to customers due to the earlier settlement of debts.
 - D. It refers to a reduction in list price.

Based on the following information, answer Questions 42 to 43.

Suppose *ABC Company* received the settlement of debt from Mr. Lee by cash. Mr. Lee purchased goods with a list price of \$10,000 on 1 January with a trade discount of 5%. Suppose the cash discount period is 15 days with a cash discount of 4% and Mr. Lee settled the payment on 10 January in full.

42. What is the amount of discounts allowed given to Mr. Lee?

- A. \$138
- B. \$380
- C. \$400
- D. \$500

43. The correct double entries for the settlement of debts owed by Mr. Lee should be:

- | | <u>Account(s) to be debited</u> | <u>Account(s) to be credited</u> |
|----|--|---|
| A. | Cash \$9,120
Discounts allowed \$380 | Accounts receivable – Mr. Lee \$9,500 |
| B. | Cash \$9,600
Discounts allowed \$400 | Accounts receivable – Mr. Lee \$10,000 |
| C. | Accounts receivable – Mr. Lee \$10,000 | Discounts allowed \$400
Cash \$9,600 |
| D. | Accounts receivable – Mr. Lee \$9,500
Discounts allowed \$380 | Cash \$9,500 |

44. Suppose *ABC Company* settles the electricity bill of \$1,560 for this month through the bank account, the double entries should be:

- | | <u>Account to be debited</u> | <u>Account to be credited</u> |
|----|------------------------------|-------------------------------|
| A. | Bank \$1,560 | Electricity \$1,560 |
| B. | Electricity \$1,560 | Bank \$1,560 |
| C. | Cash \$1,560 | Electricity \$1,560 |
| D. | Electricity \$1,560 | Cash \$1,560 |

45. Suppose the owner of *ABC Company* withdraws \$5,000 from the company's bank account, the correct double entries should be:

- | | <u>Account to be debited</u> | <u>Account to be credited</u> |
|----|------------------------------|-------------------------------|
| A. | Drawings | Bank |
| B. | Capital | Bank |
| C. | Bank | Drawings |
| D. | Drawings | Cash |

Based on the following information, answer Questions 46 to 49.

ABC Company has an opening balance of cash \$700 and bank \$800 for the month of January 20X7 on the debit side.

The following transactions took place in the month of January.

Jan 7	Mr. Wong, a debtor, deposited \$380 into the bank account of <i>ABC Company</i> for the full settlement of the debt owed with a discount of 5%.
Jan 10	<i>ABC Company</i> deposited \$630 cash into Mr. Chan's bank account, who is a creditor of the company, for the settlement of a debt with a discount of 10% received from him.
Jan 23	<i>ABC Company</i> transferred \$200 from the bank account to the cash account.
Jan 30	<i>ABC Company</i> settled the wage payment of \$5,000 by issuing cheques to the employees.

46. What is the total amount of discounts allowed this month?

- A. \$19
- B. \$20
- C. \$63
- D. \$70

47. The correct double entries for the second transaction should be:

<u>Account to be debited</u>	<u>Account(s) to be credited</u>
A. Accounts payable – Mr. Chan, \$700	Discounts received, \$70 Cash, \$630
B. Accounts payable – Mr. Chan, \$630	Discounts received, \$63 Cash, \$567
C. Accounts payable – Mr. Chan, \$630	Discounts allowed, \$63 Cash, \$567
D. Accounts receivable – Mr. Chan, \$700	Discounts received, \$70 Bank, \$630

48. What is the balance carried forward to next month for the cash account?

- A. debit balance of \$250
- B. debit balance of \$270
- C. credit balance of \$250
- D. credit balance of \$270

49. What is the balance carried forward to next month for the bank account?

- A. debit balance of \$3,620
- B. debit balance of \$4,020
- C. credit balance of \$3,620
- D. credit balance of \$4,020

50. Suppose *ABC Company* purchases a computer as a non-current asset from the owner's brother, Peter Lee, on credit. The relevant double entries should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Computer	Accounts receivable – Peter Lee
B.	Computer	Non-trade payables – Peter Lee
C.	Computer	Capital
D.	Drawings	Computer

51. Suppose that *ABC Company* is a trading company in which computer is a type of trading goods to the company. If a computer is purchased on credit from Peter Lee, the relevant double entries should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Purchases	Accounts payable – Peter Lee
B.	Purchases	Accounts receivable – Peter Lee
C.	Computer	Non-trade payables – Peter Lee
D.	Computer	Accounts receivable – Peter Lee

Based on the following information, answer Questions 52 to 54.

Suppose *ABC Company* sold a piece of non-current asset to Mr. Chan at a price of \$4,000 on credit. One month later, Mr. Chan returned it to *ABC Company* as it had some defects and *ABC Company* agreed to give an allowance of \$4,000 to Mr. Chan.

52. Which of the following shows the correct double entries regarding the return of assets?

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Non-trade receivables – Mr. Chan	Non-current assets
B.	Non-current assets	Non-trade receivables – Mr. Chan
C.	Cash	Non-current assets
D.	Non-current assets	Cash

53. If Mr. Chan pays cash for the purchase of non-current asset and *ABC Company* would settle every transaction by cash immediately, the double entries regarding the return of assets would be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Non-trade receivables – Mr. Chan	Non-current assets
B.	Non-current assets	Non-trade receivables – Mr. Chan
C.	Cash	Non-current assets
D.	Non-current assets	Cash

54. Suppose the owner of *ABC Company* contributes fixtures with a value of \$3,000 to the company, the relevant double entries would be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Fixtures	Capital
B.	Fixtures	Drawings
C.	Capital	Fixtures
D.	Fixtures	Purchases

55. Which of the following is/are correct for opening entries?
- (1) Opening entries refer to the entries needed every day.
 - (2) Opening entries refer to the first entry of a new account.
 - (3) Opening entries refer to the entries needed to open a new accounting book.
- A. (1) only
 B. (2) only
 C. (3) only
 D. (2) and (3) only

Based on the following information, answer Questions 56 to 60.

Suppose *ABC Company* had the following transactions in January.

#	Date	Details
1	Jan 6	Purchased furniture valued at \$5,000 from Ms. Lee on credit.
2	Jan 8	Sales of fittings of \$7,000 to Ms. Chan was made by cash.
3	Jan 9	<i>ABC Company</i> used inventories valued at \$5,000 to settle the whole amount of loan from Mr. Lam.
4	Jan 11	The owner of <i>ABC Company</i> withdrew furniture valued at \$8,000 from the company without paying.
5	Jan 16	Ms. Chan returned the fittings and <i>ABC Company</i> decided to refund the amount in full on credit to her.
6	Jan 20	The owner put his own automobile with a value of \$50,000 into the company for company use.
7	Jan 26	Goods of \$10,000 were sold on credit to Mr. Leung.
8	Jan 31	Payment of electricity bill of \$1,000 was made through the bank.

56. The double entries for transaction 1 should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Furniture	Non-trade payables – Ms. Lee
B.	Purchases	Accounts payable – Ms. Lee
C.	Non-trade payables – Ms. Lee	Furniture
D.	Accounts payable – Ms. Lee	Purchases

57. The double entries for transaction 3 should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Loan from Mr. Lam	Inventory
B.	Loan from Mr. Lam	Purchases
C.	Loan from Mr. Lam	Sales
D.	Loan from Mr. Lam	Cost of goods sold

58. Which of the following accounts should be debited in transaction 4?

- A. drawings account
- B. capital account
- C. sales account
- D. purchases account

59. The double entries for transaction 5 should be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Fittings	Non-trade payables – Ms. Chan
B.	Fittings	Cash
C.	Non-trade payables - Ms. Chan	Fittings
D.	Cash	Fittings

60. The debit side of the double entries for transaction 6 is entered in _____.

- A. drawings account
- B. capital account
- C. automobile account
- D. inventory account

61. Which of the following regarding opening entries is/are **INCORRECT**?

- (1) Drawings account is involved in the opening entries.
- (2) Only capital account is involved in the opening entries.
- (3) For the bank account, opening entries are recorded on the debit side at all times.

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

62. Which of the following should be debited to the corresponding account?

	<u>Change</u>	<u>Account</u>
(1)	increase in bank overdraft	Bank overdraft
(2)	increase in bank overdraft interest	Interest income
(3)	increase in bank deposit	Cash at bank

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

63. Which of the following statements regarding cash discounts received from suppliers is/are correct?

- (1) They are reductions in the retail prices by the manufacturers.
- (2) They are revenues to the company.
- (3) The cash account is debited when they are received by the company.

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

64. On 1 April 20X6, Eunice started a business with \$100,000 cash and an office equipment costing \$85,000. The market price of the equipment was \$82,000 on 31 March 20X7. Eunice's husband lent her \$20,000 to facilitate the firm's operations. Eunice took \$500 inventory as the birthday present for her husband. For the year ended 31 March 20X7, the gross profit and total expenses were \$80,000 and \$37,000 respectively. Assume that there were no other revenues for the same financial year, how much was the capital of Eunice as at 31 March 20X7?

- A. \$227,500
- B. \$228,000
- C. \$247,500
- D. \$261,500

65. As at 1 January 20X6, Mary owed May Company \$27,000. In mid-January, Mary settled one-third of the balance with 5% cash discount. During the following three months, Mary bought goods from May Company again. The amount of cash purchases and credit purchases are \$30,000 and \$55,000 respectively. What should be the balance of Mary's account in May Company's book on 31 March 20X6?

- A. \$55,000 (Debit balance)
- B. \$64,450 (Credit balance)
- C. \$73,000 (Debit balance)
- D. \$103,000 (Credit balance)

66. On 1 December 20X7, Tim bought goods from Tom. The goods cost \$75,000 to Tom and he makes all sales at 40% margin. As Tim has transacted with Tom for a long time, a 5% trade discount was offered in this sales. Tim settled one-fifth of the outstanding balance on 30 December 20X7. What should be the balance of Tim's account in Tom's book on 31 March 20X6?
- A. \$22,800
 - B. \$25,000
 - C. \$95,000
 - D. \$142,500

Trial Balance

67. Which of the following is/are the purpose(s) of preparing a trial balance?
- (1) prevent fraud
 - (2) ensure the equality of debit and credit balances among the double entries
 - (3) detect errors in the ledgers
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
68. Without the use of a trial balance, _____ .
- A. double-entry system will not be applied in accounting
 - B. there are no other ways to identify whether there are any problems
 - C. accounting ratios cannot be calculated
 - D. inequality between debit and credit balances cannot be easily found
69. Trial balance is prepared _____ .
- A. once a year
 - B. once a month
 - C. twice a year
 - D. at any time, depending on the accounting period of the company
70. Which of the following items will **NOT** be included in a trial balance?
- A. opening inventory
 - B. trade discounts
 - C. accounts receivable
 - D. accounts payable

71. Which of the following is **NOT** included in a trial balance?
- A. dates of transactions
 - B. ledger accounts
 - C. debit balances
 - D. credit balances
72. In which of the following situations may the trial balance disagree?
- (1) Total debit balance is greater than total credit balance.
 - (2) Total credit balance is greater than total debit balance.
 - (3) Errors made in the ledger accounts are transferred directly to the trial balance.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
73. Which of the following situations will cause the total debit balance to be greater than the total credit balance?
- A. The amount extracted from a debtor's account is posted to the wrong side of the trial balance.
 - B. The amount extracted from the machinery account is posted wrongly as \$4,000 instead of \$40,000.
 - C. The sales of goods are regarded as purchases of goods.
 - D. The sales of goods to a debtor, Mr. Lee, are recorded in the account of another debtor, Mr. Li.
74. Which of the following situations will cause total debit balance to be smaller than the total credit balance?
- A. The amount extracted from a creditor's account is posted to the wrong side of the trial balance.
 - B. The amount extracted from the account of a debtor, Mr. Lee, is posted as \$1,000 instead of \$1,100 in the trial balance.
 - C. Sales of goods are recorded as purchases of goods in the ledger accounts.
 - D. The purchase of fixture is recorded in furniture account.

75. Which of the following errors can be identified in the trial balance?
- (1) Cash received from a debtor, Ms. Lee, is recorded as cash received from another debtor, Ms. Chan.
 - (2) The closing balance of creditors is posted wrongly as \$3,000 instead of \$4,000 in the trial balance.
 - (3) Both the debit and credit sides of the trial balance are undervalued by \$4,000.
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
76. Which of the following errors can be identified in a trial balance?
- A. The purchase of non-current assets is recorded as a purchase of goods in the ledger account.
 - B. Cash receipt from a debtor, Clara, is recorded as cash receipt from another debtor, Carmen, in the ledger accounts.
 - C. Cash payment for electricity bill is recorded in the bank column of the cash book.
 - D. The purchase of non-current assets is recorded on the credit side of the non-current asset account.
77. If furniture is overvalued by \$1,000 in the trial balance, _____ .
- A. the total debit balance is greater than the total credit balance in the trial balance
 - B. the total debit balance is smaller than the total credit balance in the trial balance
 - C. the total debit balance is the same as the total credit balance in the trial balance
 - D. the value of assets on the credit side of the trial balance should be reduced
78. If the debit side of the trial balance is undervalued by \$2,000 with the correct debit balance, which of the following are **NOT** the possible reasons?
- (1) The cash payment for the electricity bill of \$2,000 is recorded as the payment for rates in the ledgers.
 - (2) The transaction regarding the settlement of debt by Mr. Lee by cash of \$2,000 in the ledger accounts is completely omitted.
 - (3) The receipt of income in cash of \$1,000 is recorded in the cash book as a payment by cash of \$1,000, while the entry in the income account is made correctly.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)

Based on the following information, answer Questions 79 to 82.

The closing balances of the ledger accounts of *ABC Company* for the year ended 20X7 are as follows:

	\$
Non-current assets	10,000
Cash and bank	5,000
Accounts receivable	3,000
Accounts payable	3,000
Electricity	3,000
Rates	1,000
Sales	15,000
Purchases	30,000
Capital	30,000

79. What is the discrepancy between the total debit and total credit balances of the above ledger accounts in the trial balance?
- Debit side is greater than credit side by \$1,000.
 - Debit side is greater than credit side by \$4,000.
 - Debit side is smaller than credit side by \$1,000.
 - Debit side is smaller than credit side by \$4,000.
80. On which side of the trial balance should the ledger account “Electricity” be posted?
- debit side of the trial balance as it is an expense of the company
 - debit side of the trial balance as it is an income of the company
 - credit side of the trial balance as it reduces the income of the company
 - credit side of the trial balance as it is a credit balance in the ledger account
81. Suppose the discrepancy is due to an error in posting the balance of capital account, what is the correct balance of capital to be posted in the trial balance?
- \$26,000
 - \$30,000
 - \$34,000
 - \$38,000

82. Which of the following can also be possible reason(s) for the discrepancy in the trial balance?
- (1) The purchase of goods is recorded as a payment of electricity expense in the ledger account.
 - (2) The amount of the accounts receivable is overstated due to posting error.
 - (3) The purchase of goods from a creditor is recorded correctly in purchases account but wrongly on the debit side of a debtor in the ledger account.
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only
83. On which side of the trial balance should the ledger account "Capital" be posted?
- A. debit side of the trial balance as it is a source of income for the company
 - B. debit side of the trial balance as it is an increase in income for the company
 - C. credit side of the trial balance as it is the supply of money to the company
 - D. credit side of the trial balance as it is a debit balance in the ledger account
84. Which of the following is/are the function(s) of a trial balance?
- (1) help prepare the financial statements for each accounting period
 - (2) act as a financial statement for external users
 - (3) identify all types of errors made in the ledgers
- A. (1) only
 - B. (2) only
 - C. (1) and (3) only
 - D. (2) and (3) only

Based on the following information, answer Questions 85 to 86.

Trial balance as at 31 December 20X8		
	Dr	Cr
	\$	\$
Capital	10,000	
Cash	30,000	
Bank		10,000
Equipment	10,000	
Accounts receivable	30,000	
Accounts payable		40,000
Returns inwards	1,000	
Returns outwards		1,000
Sales		40,000
Purchases	30,000	
	111,000	91,000

85. Which of the following is the error in the above trial balance?
- The capital account should be posted on the credit side of the trial balance.
 - The bank account should be posted on the debit side of the trial balance.
 - The returns inwards account should be posted on the credit side of the trial balance.
 - The returns outwards account should be posted on the debit side of the trial balance.
86. Which of the following is/are the reason(s) for the bank account to be posted on the credit side of the trial balance?
- The balance of the bank account is stated as a credit balance in the bank statement.
 - There is a bank overdraft for the company.
 - There is a lack of liquidity in the company.
- (1) only
 - (2) only
 - (1) and (3) only
 - (2) and (3) only
87. Which of the following is/are **INCORRECT** for a trial balance?
- The value of closing inventory can be recorded in the trial balance.
 - It is possible to see a credit balance for the cash in hand account.
 - If the two sides agree, there are absolutely no errors in the books and ledgers.
- (1) only
 - (1) and (2) only
 - (2) and (3) only
 - (1), (2) and (3)

88.

Trial Balance as at 31 December 20X7

	Dr (\$)	Cr (\$)
Office equipment	95 000	
Accounts receivable and Accounts payable	6 000	4 000
Drawings		40 000
Purchases and Sales	163 000	110 000
Inventory	5 000	
Capital		115 000
	<u>269 000</u>	<u>269 000</u>

Which of the following statements is true?

- The above trial balance is correct.
- The above trial balance is incorrect.
- The above trial balance is incomplete.
- Whether the trial balance is correct can only be determined after preparing the financial statements.

89. Which of the following should be recorded on the debit side of a trial balance before the preparation of financial statements?
- A. returns outwards
 - B. opening inventory
 - C. closing inventory
 - D. interest income

Financial Statements

90. Which of the following statements are **INCORRECT** about the differences between an income statement and a statement of financial position?
- (1) The former is not a part of the double-entry system but the latter is.
 - (2) The former must be included in the audit report of a public limited company but the latter is not compulsory.
 - (3) The former shows the revenues of the company while the latter shows the expenses of the company.
- A. (1) and (2) only
 - B. (1) and (3) only
 - C. (2) and (3) only
 - D. (1), (2) and (3)
91. Which of the following is a correct definition of a current asset?
- A. It refers to an asset that can be easily converted into cash within 3 months.
 - B. It refers to an asset that can be easily converted into cash within 6 months.
 - C. It refers to an asset that can be easily converted into cash within 1 year.
 - D. It refers to an asset that can be easily converted into cash within 2 years.
92. Which of the following is an example of non-current liabilities?
- A. accounts receivable
 - B. bank overdraft
 - C. accounts payable
 - D. loans which will be repaid after 5 years
93. Which of the following is **NOT** an example of non-current assets?
- A. equipment
 - B. fixtures and fittings
 - C. buildings
 - D. accounts receivable

94. Which of the following is a correct definition of current liability?
- A. It refers to the liability that is to be repaid within 3 months.
 - B. It refers to the liability that is to be repaid within 6 months.
 - C. It refers to the liability that is to be repaid within 1 year.
 - D. It refers to the liability that is to be repaid within 2 years.
95. Which of the following statements about assets and liabilities is correct?
- A. It is impossible for a company to have the value of current assets greater than that of current liabilities in the same period of time.
 - B. It is possible for a company to have net current assets and net current liabilities at the same time.
 - C. It is impossible for a company to have net current assets when the current assets are of a smaller total value than that of current liabilities at a point of time.
 - D. It is possible for a company to have net current liabilities when the current assets are of a greater total value than that of current liabilities at a point of time.
96. Suppose *ABC Company* borrows \$50,000 from Mr. Lee, the loan is regarded as a _____.
- A. current liability
 - B. non-current liability
 - C. current asset
 - D. current or non-current liability, depending on the repayment period
97. Which of the following items appears in both the income statement and the statement of financial position of a company?
- A. net profit
 - B. drawings
 - C. accounts receivable
 - D. electricity expenses
98. Inventory is recorded in the statement of financial position of a company. What kind of inventory is recorded in the statement of financial position?
- A. opening inventory
 - B. closing inventory
 - C. average of the opening and closing inventory
 - D. higher of the opening or closing inventory
99. Arrange the following current assets according to their liquidity, starting from the most liquid one:
- A. cash, bank, inventory, accounts receivable
 - B. accounts receivable, inventory, bank, cash
 - C. bank, cash, accounts receivable, inventory
 - D. cash, bank, accounts receivable, inventory

100. Net current assets exist when _____ .

- A. total value of current assets is greater than total value of current liabilities
- B. total value of current assets is smaller than total value of current liabilities
- C. total value of current assets is equal to total value of current liabilities
- D. there are no current liabilities in the company

101. Suppose the company has the following assets and liabilities at the year-end:

	\$
Furniture	40,000
Plant and machinery	30,000
Office equipment	10,000
Cash	4,000
Bank	1,000
Inventory	5,000
Accounts payable	3,000
Loan from Mr. Lee (repayable within five years)	30,000

What is the amount of working capital of the company at the year-end?

- A. \$7,000
 - B. \$57,000
 - C. -\$7,000
 - D. -\$57,000
102. Which of the following shows the double entries for posting the net profit of the company to the capital account at the year-end?

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Capital	Profit and loss
B.	Profit and loss	Capital
C.	Net profit	Capital
D.	Capital	Net profit

103. Suppose the opening balance of capital for the year is \$40,000, the net loss for this year is \$1,000 and there are drawings of \$3,000, what is the closing balance of capital for the year?

- A. \$36,000
- B. \$37,000
- C. \$40,000
- D. \$44,000

104. Which of the following would affect the calculation of working capital?

- A. drawings
- B. net loss
- C. bank overdraft
- D. plant and machinery

105. Which of the following statements regarding non-current liabilities is correct?

- A. Long-term investment is classified as a non-current liability.
- B. They will become a current liability if the amounts have to be repaid within one year.
- C. Their amounts are over \$100 000.
- D. Bank loans must be non-current liabilities.

106. A firm puts the cash withdrawn from the business bank account in the cash box. Which of the following are the effects on the statement of financial position?

- | | <u>Current assets</u> | <u>Current liabilities</u> |
|----|-----------------------|----------------------------|
| A. | increase | increase |
| B. | decrease | decrease |
| C. | no change | no change |
| D. | cannot be determined | cannot be determined |

107. Which of the following is a correct definition of gross profit?

- A. $\text{Gross Profit} = \text{Net Profit} - \text{Other Expenses}$
- B. $\text{Gross Profit} = \text{Net Sales} - \text{Net Purchases}$
- C. $\text{Gross Profit} = \text{Net Sales} - \text{Cost of Goods Sold}$
- D. $\text{Gross Profit} = \text{Net Purchases} + \text{Cost of Goods Sold}$

108. Which of the following items can lead to a difference between values of net profit and gross profit?

- A. returns inwards
- B. returns outwards
- C. carriage inwards
- D. carriage outwards

109. In the financial statements of a services firm, which of the following items is **NOT** included?

- A. purchases
- B. electricity expenses
- C. service revenues
- D. salaries and wages expenses

Based on the following information, answer Questions 110 to 111.

Given that purchases, sales, carriage outwards, salaries and other revenues are \$140,000, \$160,000, \$5,000, \$10,000 and \$40,000 respectively.

110. What is the amount of gross profit?

- A. \$20,000
- B. \$40,000
- C. \$60,000
- D. \$80,000

111. What is the amount of net profit or net loss?

- A. net profit of \$5,000
- B. net profit of \$45,000
- C. net loss of \$5,000
- D. net loss of \$45,000

112. Suppose the company has \$40,000 purchases throughout the year. The double entries for closing the account would be:

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Sales	Profit and loss
B.	Trading	Purchases
C.	Inventory	Purchases
D.	Purchases	Bank

113. *ABC Company* started operating in 20X8. For the year ended 20X8, the sales, purchases and closing inventory are \$50,000, \$20,000 and \$1,000 respectively. What is the amount of cost of goods sold for the year ended 20X8?

- A. \$19,000
- B. \$20,000
- C. \$79,000
- D. \$80,000

114. Refer to Question 113, what is the gross profit for the company?

- A. \$20,000
- B. \$30,000
- C. \$31,000
- D. \$49,000

115. Which of the following correctly shows the double entries for closing the account regarding the purchase of stationery at the year-end?

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Stationery expenses	Profit and loss
B.	Profit and loss	Stationery expenses
C.	Statement of financial position	Stationery expenses
D.	Trial balance	Stationery expenses

Based on the following information, answer Questions 116 to 120.

The company has the following closing balances for the year ended 20X7.

	\$
Sales	40,000
Purchases	10,000
Carriage inwards	5,000
Closing inventory	7,000
Rent and rates	3,000
Salary expenses	9,000
Interest expenses	4,000

116. What is the meaning of carriage inwards as stated above?

- A. the expenses spent on carrying the returned goods from customers
- B. the expenses spent on carrying the goods returned to suppliers
- C. the expenses spent on carrying the goods sold to customers
- D. the expenses spent on carrying the goods purchased from suppliers to the company

117. What is the cost of goods sold of the company?

- A. \$3,000
- B. \$8,000
- C. \$10,000
- D. \$15,000

118. What is the gross profit or gross loss of the company for the year ended 20X7?

- A. gross profit of \$32,000
- B. gross profit of \$37,000
- C. gross loss of \$32,000
- D. gross loss of \$37,000

119. Which of the following items is **NOT** needed to derive the net profit from the gross profit?

- A. carriage inwards
- B. rent and rates
- C. salary expenses
- D. interest expenses

120. What is the net profit or net loss of the company for the year ended 20X7?

- A. net profit of \$16,000
- B. net profit of \$21,000
- C. net loss of \$16,000
- D. net loss of \$21,000

121. The double entries to transfer the opening inventory to the trading account would be

	<u>Account to be debited</u>	<u>Account to be credited</u>
A.	Trading	Inventory
B.	Inventory	Trading
C.	Trading	Opening inventory
D.	Opening inventory	Trading

122. Which of the following equations correctly shows the meaning of net sales?

- A. Net sales = Gross sales – Purchases
- B. Net sales = Gross sales – Returns inwards
- C. Net sales = Gross sales – Returns outwards
- D. Net sales = Gross sales – Returns inwards – Carriage inwards

123. Which of the following refers to the meaning of carriage outwards?

- A. It refers to the expense needed to sell the goods to the customers.
- B. It refers to the expense needed to transport the goods sold to the customers.
- C. It refers to the expense incurred in advertising the goods available.
- D. It refers to the expense regarding the manpower cost needed to produce the products.

Based on the following information, answer Questions 124 to 126.

DEF Company has the following trading information for the year:

	\$
Opening inventory	50,000
Purchases	45,000
Closing inventory	5,000
Returns inwards	1,000
Returns outwards	2,000
Carriage outwards	5,000
Sales	100,000

124. What is the cost of goods sold of *DEF Company* for the year?
- A. \$45,000
 - B. \$46,000
 - C. \$88,000
 - D. \$90,000
125. What is the gross profit or gross loss of the company?
- A. gross profit of \$11,000
 - B. gross profit of \$10,000
 - C. gross loss of \$11,000
 - D. gross loss of \$10,000
126. What is the net profit or net loss of the company?
- A. net profit of \$6,000
 - B. net profit of \$5,000
 - C. net loss of \$6,000
 - D. net loss of \$5,000
127. Which of the following is/are the difference(s) between carriage inwards and carriage outwards?
- (1) The former is used to calculate the cost of goods sold while the latter is not.
 - (2) The former is recorded as an asset while the latter is recorded as a liability of the company.
 - (3) The former is an income while the latter is an expense for the company.
- A. (1) only
 - B. (2) only
 - C. (1) and (2) only
 - D. (1) and (3) only

Based on the following information, answer Questions 128 to 131.

A company has the following accounting information for the year:

	\$
Sales	400,000
Purchases	90,000
Opening inventory	30,000
Returns inwards	80,000
Returns outwards	70,000
Carriage inwards	40,000
Carriage outwards	10,000
Salaries	9,000
Other revenues	4,000
General expenses	7,000
Gross profit	250,000

128. What is the amount of net sales of the company?
- A. \$260,000
 - B. \$280,000
 - C. \$320,000
 - D. \$330,000
129. What is the amount of net purchases of the company?
- A. \$20,000
 - B. \$30,000
 - C. \$50,000
 - D. \$60,000
130. What is the amount of closing inventory of the company?
- A. \$10,000
 - B. \$20,000
 - C. \$30,000
 - D. \$40,000
131. What is the amount of net profit for the year?
- A. \$48,000
 - B. \$188,000
 - C. \$198,000
 - D. \$228,000
132. Which of the following is/are **NOT** relevant to the calculation of net sales?
- (1) cash sales
 - (2) returns inwards
 - (3) discounts allowed
- A. (2) only
 - B. (3) only
 - C. (1) and (2) only
 - D. (2) and (3) only

Miscellaneous

Based on the following information, answer Questions 133 to 135.

Trial balance as at 31 December 20X8		
	Dr	Cr
	\$	\$
Office equipment	10,000	
Fixtures and fittings	10,000	
Accounts payable		2,000
Accounts receivable	3,000	
Cash	5,000	
Bank overdraft		3,000
Long-term loan from bank		10,000
Profit and loss	7,000	
Capital, 1 January 20X8		25,000
Drawings	5,000	
	40,000	40,000

Additional information: No inventory was stored in the warehouse on the same day.

133. What is the closing balance of capital as at 31 December 20X8?
- A. \$13,000
 - B. \$20,000
 - C. \$25,000
 - D. \$30,000
134. What is the amount of current liabilities as at 31 December 20X8?
- A. \$2,000
 - B. \$3,000
 - C. \$5,000
 - D. \$30,000
135. What is the amount of working capital as at 31 December 20X8?
- A. \$3,000
 - B. \$5,000
 - C. -\$3,000
 - D. -\$5,000
136. Which of the following is **NOT** one of the procedures in an accounting cycle?
- A. record the transactions in the books of original entry
 - B. post the transactions into the ledger accounts
 - C. balance off the accounts
 - D. keep the transaction records in a safety box

137. Which of the following is regarded as a personal account?
- accounts receivable
 - sales account
 - purchases account
 - electricity expense account
138. Which of the following statements refers to a nominal account?
- It refers to a permanent account.
 - Accounts receivable account is an example of nominal accounts.
 - Sales account is an example of nominal accounts.
 - It refers to the account which will be carried forward to the next accounting period.
139. Which of the following is an example of real accounts?
- office equipment account
 - purchases account
 - carriage inwards account
 - returns inwards account
140. Suppose that the opening capital balance, closing capital balance and drawings are \$40,000, \$50,000 and \$5,000 respectively. What is the net profit or net loss for this period?
- net profit of \$5,000
 - net profit of \$15,000
 - net loss of \$5,000
 - net loss of \$15,000

Based on the following information, answer Questions 141 to 145.

Trial balance as at 31 March 20X8		
	Dr	Cr
	\$	\$
Office equipment	28,000	
Furniture	50,000	
Accounts payable		5,000
Accounts receivable	7,000	
Cash	5,000	
Bank overdraft		3,000
Long-term loan from bank		10,000
Sales		10,000
Purchases	4,000	
Carriage inwards	4,000	
Rates expenses	1,000	
Other revenues		2,000
Capital		75,000
Drawings	6,000	
	<u>105,000</u>	<u>105,000</u>

Additional information: The value of the inventory on this day is \$500.

141. The financial period of the company ends on 31 March. What is the net profit for the year ended 20X8?
- A. \$1,500
 - B. \$2,000
 - C. \$2,500
 - D. \$3,500
142. Which of the following items stated in the trial balance should be included in the income statement of the company?
- A. accounts payable
 - B. accounts receivable
 - C. carriage inwards
 - D. capital
143. What is the closing balance of capital at the year end?
- A. \$57,500
 - B. \$65,500
 - C. \$71,500
 - D. \$72,500
144. Which of the following items stated in the trial balance is a current liability?
- A. cash
 - B. bank overdraft
 - C. long-term loan from bank
 - D. accounts receivable
145. What is the amount of working capital at the year end?
- A. \$4,000
 - B. \$4,500
 - C. \$12,000
 - D. \$12,500
146. In the statement of financial position, why is the inventory account listed before the cash at bank account under the column of current assets?
- A. The value of the former is far higher than that of the latter.
 - B. The risk of incurring a loss from the former is lower than that of the latter.
 - C. It is easier to liquidate the latter than the former.
 - D. The former tends to be obsolete faster than the latter.

147. A photocopying company returned some machines and received a cash refund. Which of the following were the effects on working capital and net profit?

	<u>Working capital</u>	<u>Net profit</u>
A.	increase	no change
B.	no change	increase
C.	increase	decrease
D.	decrease	no change

148. On 1 January 20X7, Lena set up her company with furniture \$90,000, machinery \$45,000 and inventory \$36,000. \$25,000 was borrowed from Lena's parents to pay daily expenses and a 5% interest is to be paid to her parents. Lena also transferred \$5,000 from her personal account to the company's bank account on the same day. The profit for the year was \$7,000. On the year-end date, Lena injected another \$5,000 in the business bank account.

What was the amount of beginning capital for 20X7?

- A. \$213,000
- B. \$188,000
- C. \$176,000
- D. \$171,000

149. Which of the following is a real account?

- A. stationery
- B. utilities
- C. loan
- D. loan interest