

# CIMA

## CIMAPRA17-BA3-1

### BA3 - Fundamentals of Financial Accounting

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## Question: 1

Store Y believe customer XF will not be able to pay his £300 debt. Which ONE of the following day books should this 'bad debt' be recorded in?

- A. Returns inwards daybook
- B. Sales daybook
- C. journal
- D. Cash book
- E. Petty cash book

**Answer: C**

## Question: 2

Which ONE of the following does the Statement of Cash Flows show:

- A. The assets, equity and liabilities of a business
- B. The revenue and expenses of a business over a period of time
- C. The cash usage of a business over a period of time
- D. Notes to go with the statements that explain the practices used

**Answer: C**

## Question: 3

Company P are looking to create a balance sheet. Which of the following should be included in this document?

- A. Company P's current assets
- B. Company P's revenue for the period
- C. Company P's cash usage for the period
- D. Company P's liabilities
- E. Company P's investing activities

**Answer: A, D**

#### **Question: 4**

An accountant is taking on financial accounting responsibilities for company PQ. Which TWO of the following are NOT true of financial accounting?

- A. It's purpose is to provide financial information to an external source
- B. It's purpose is to provide information for internal use
- C. Performed without adherence to standard accounting rules
- D. Performed in accordance with legal requirements

**Answer: B, C**

#### **Question: 5**

Accountant P debited wages with £1,000 instead of £1,500, but credited sales with £1,500 instead of £2,000.

Which of the following kind of bookkeeping mistakes is this?

- A. Error of original entry
- B. Compensation of errors
- C. Reversal of entries
- D. Error of principle

**Answer: B**

#### **Question: 6**

Entity HJ is a small business. In the period. Entity HJ earned revenue of £24,300, had opening inventories of £1,500 and closing inventories of £8,000. Purchases came to £13,200.

What was Entity HJ's gross profit or loss for this period?

- A. £17,600 profit
- B. £6,700 loss
- C. £17,600 loss

- D. £6,700 profit
- E. £31,000 profit

**Answer: A**

### Question: 7

Entity V has a cost of sales of £23,850 for last year. Entity V's opening inventories for the year were £15,800, and its closing inventories were £3,570. Entity V had a gross profit margin of 240% for last year.

What was Entity V's inventories turnover figure to the nearest whole number for last year?

- A. 2
- B. 3
- C. 4
- D. 3

**Answer: A**

### Question: 8

Select the THREE INCORRECT statements from the following list of statements about memorandum accounts:

- A. A memorandum ledger is an account that is not part of the bookkeeping system as a whole
- B. All transactions in a memorandum account have to be balanced with a corresponding entry in the nominal ledger
- C. A memorandum account is part of the nominal ledger
- D. A memorandum account is a daybook

**Answer: B, C, D**

### Question: 9

The concept of stewardship refers to which ONE of the following?

- A. An accountant's responsibility to remain optimistic in the presenting financial information
- B. An accountant's responsibility to properly look after and present financial information
- C. An accountant's responsibility to properly advise management on financial information
- D. An accountant's responsibility to make sure all financial information is correct

**Answer: B**

### Question: 10

JW's debits total £10,502 for this period. JW's credits total £8,940.

What amount does JW's accountant need to include in the company's suspense account to make the transactions balance?

- A. £1,562 CR
- B. £1,562 DR
- C. £10,502 CR
- D. £8,940 DR

**Answer: A**

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