

ANSWERS TO WEB QUESTIONS



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Chapter 1 The accounting environment

R1.1 True false

- a F
 - b T
 - c T
 - d T
 - e T
-

R1.2 Multiple choice

- a i
 - b iv
 - c ii
 - d iv
 - e iii
-

R1.3 Completion

- a discipline
 - b information
 - c decisions
 - d monetary
 - e processing, interpreting
-

R1.4 Anagrams

- a financial
 - b managerial
 - c management
 - d investors
 - e standards
-

Chapter 2 Foundations of accounting

R2.1 True false

- a T
 - b F
 - c T
 - d T
 - e F
 - f T
 - g T
 - h F
 - i F
 - j T
-

R2.2 Multiple choice

- a iv
- b i
- c ii
- d iv
- e iii
- f ii

- g iii
- h iv
- i ii
- j i

Chapter 3 The accounting process to the trial balance

R3.1 True false

- a F
 - b F
 - c F
 - d T
 - e T
-

R3.2 Multiple choice

- a iv
 - b ii
 - c iv
 - d iii
 - e iv
-

R3.3 Matching

- a drawings
 - b narration
 - c external auditor
 - d internal auditor
 - e non-current assets
-

R3.4 Anagrams

- a GST collected
- b adjustment note
- c folios
- d inventories
- e tax invoice

Chapter 4 End of period reports—preparation, analysis and interpretation

R4.1 True false

- a F
 - b T
 - c T
 - d F
 - e F
 - f T
 - g T
-

R4.2 Multiple choice

- a ii
- b i
- c i

- d iv
- e i
- f ii
- g i
- h iii

R4.3 Completion

- a accounting period assumption
- b account or narrative
- c the matching
- d Trading
- e debit
- f less

General Journal				
Date	Particulars	Folio \$	Dr \$	Cr
June 30	Profit and loss Trading (Transfer of gross loss from Trading account.)		1 000	1 000
	Profit and loss Wages Telephone Sundry expenses (Closing off expenses to Profit and Loss account.)		330	100 150 80
	Interest revenue Commission revenue Profit and loss (Closing off revenues to Profit and Loss account.)		50 100	150
	Capital Profit and loss (Transfer of net loss to Capital account.)		1 180	1 180

R4.4 Interpretation exercise

Chapter 5 Computers in accounting

R5.1 True false

- a F
- b F
- c T
- d F
- e F
- f T
- g T
- h T

- i T
- j F

R5.2 Multiple choice

- a iii
- b ii
- c iv
- d iv
- e i
- f iii
- g i
- h iii
- i ii
- j iii

Chapter 6 Accounting for cash

R6.1 True false

- a T
- b T
- c F
- d T
- e F
- g F
- h F
- i F
- j F
- k F

R6.2 Multiple choice

- a iii
- b ii
- c i
- d ii
- e iii
- f i
- g i

R6.3 Completion

- a Cash register summary
- b business's, bank's
- c unrepresented
- d not negotiable
- e debit

Chapter 7 Accounting for accounts receivable and accounts payable

R7.1 True false

- a T

- b T
- c F
- d F
- e F
- f F
- g F
- h F
- i T
- j T

R7.2 Multiple choice

- a iv
- b iv
- c ii
- d i
- e iii
- f ii
- g iv
- h ii
- i i
- j iii

R7.3 Matching

- a statement of account
- b subsidiary ledger
- c accounts receivable ledger
- d accounts payable ledger
- e general ledger
- f schedule of accounts receivable
- g provision for doubtful debts
- h bad debts
- i doubtful debts
- j ageing of accounts receivable

R7.4 Completion

- a non-current accounts receivable or loans
- b credit worthiness
- c control, subsidiary
- d Accounts receivable control, sales
- e Inventories, accounts payable control
- f interest
- g general ledger
- h negative asset
- i underprovision
- j credit

Chapter 8 Accounting for inventories

R8.1 True false

- a T
- b T
- c T
- d F

e T

R8.2 Multiple choice

- a ii
- b iii
- c iv
- d ii
- e ii

R8.3 Matching

- a inventories
- b tax invoice
- c perpetual inventory system
- d LIFO
- e the lower of cost and net realisable value

R8.4 Completion

- a stock
- b periodic
- c control
- d weighted average
- e stock ledger

Chapter 9 Accounting for non-current assets

R9.1 True false

- a T
- b F
- c F
- d F
- e T
- f F
- g F
- h F
- i T
- j T

R9.2 Multiple choice

- a iv
- b iii
- c iii
- d i
- e iii
- f ii
- g iii
- h iv
- i iii

R9.3 Completion

- a capital expenditure
- b property, plant and equipment register
- c depreciation

- d amortisation
- e straight line method
- f diminishing balance method
- g residual value
- h accelerated depreciation methods
- i matching principle.

Chapter 10 Internal controls

R10.1 True false

- a F
- b T
- c F
- d T
- e F
- f F
- g T
- h T
- i F
- j T

R10.2 Multiple choice

- a ii
- b iii
- c ii
- d i
- e iv
- f ii
- g ii
- h iv
- i iii
- j ii

Chapter 11 Electronic business

R11.1 True false

- a T
- b F
- c T
- d T
- e T
- f F
- g T
- h F
- i F
- j F

R11.2 Multiple choice

- a ii
- b iii
- c iii
- d iv
- e iv
- f iv

Chapter 12 Financial reports

R12.1 True false

- a F
- b T
- c T
- d F
- e F
- f F
- g T
- h T
- i F
- j T
- k T
- l T
- m T
- n T
- o T
- p T
- q F

R12.2 Multiple choice

- a ii
- b i
- c i
- d ii
- e iv
- f iii
- g ii
- h ii
- i iv
- j i
- k iv
- l iii
- m ii
- n ii
- o i
- p ii
- q iii
- r i
- s iii

R12.3 Completion

- a Accounting period assumption
- b Finance
- c Intangible
- d Non-current
- e account, narrative
- f matching
- g trading
- h debit
- i credit
- j less

R12.4 Matching

- a cash register summary
- b General journal
- c Sales journal
- d trading
- e doubtful debts
- f accrued expense
- g prepaid expense
- h gross profit
- i balance day adjustment
- j accrued revenues
- k Income

Chapter 13 Cash Flow Statement

R13.1 True false

- a F
 - b F
 - c T
 - d F
 - e F
 - f T
 - g F
 - h F
 - i T
 - j T
-

R13.2 Multiple choice

- a iii
 - b iv
 - c i
 - d ii
 - e ii
 - f iii
 - g i
 - h iii
 - i i
-

R13.3 Completion

- a cash flows
 - b operating
 - c analysis
 - d investing
 - e interpretation
 - f financing
 - g cash position
 - h recommendations
 - i signature
 - j position.
-

R13.4

- 1 d
 - 2 f
 - 3 a
 - 4 k
 - 5 i
 - 6 c
 - 7 l
 - 8 b
 - 9 e
 - 10 g
 - 11 h
 - 12 j
-

Chapter 14 Analysis and interpretation of financial reports

R14.1 True false

- a F
 - b T
 - c F
 - d F
 - e T
-

R14.2 Multiple choice

- a iii
 - b ii
 - c i
 - d iv
 - e i
 - f iii
 - g iv
-

R14.3 Completion

- a historical cost
 - b ratios
 - c financial stability
 - d trends
 - e benchmarks
-

Chapter 15 Managerial decision-making

R15.1 True false

- a F
 - b F
 - c F
 - d F
 - e F
-

R15.2 Multiple choice

- a iii
 - b iv
 - c iii
 - d iv
 - e i
-

Chapter 16 Budgeting

R16.1 True false

- a F
- b T
- c T
- d F
- e F

R16.2 Multiple choice

- a iv
- b iii
- c iii
- d iii
- e i

R16.3 Completion

- a budget
- b planning, supervision and evaluation
- c one-eleventh, payment
- d statement, ATO
- e survival

Chapter 17 Understanding company reports

17.1 True false

- a F
- b T
- c F
- d F
- e T

17.2 Multiple choice

- a iv
- b i
- c iv
- d iii
- e iv

Chapter 18 Personal financing and investing

R18.1 True false

- a T
- b F
- c F
- d F
- e T
- f F
- g F
- h T
- i T
- j F.

R18.2 Multiple choice

- a iii
- b ii
- c iv
- d i
- e ii.

R18.3 Completion

- a essential; non-essential
- b Mortgage brokers
- c Gearing
- d Margin loan
- e Franking credits
- f Original amount borrowed; repayments
- g Managed fund
- h Net return
- i Yield on investments
- j Effective rate.

Chapter 19 Accounting for grazing enterprises

19.1 True false

- a T
- b T
- c T
- d F
- e F
- f T
- g F
- h T
- i T
- j T

19.2 Multiple choice

- a i
- b iii
- c iii
- d ii
- e i

Chapter 20 Accounting for mining enterprises

R20.1 True false

- a T
- b F
- c T
- d T
- e F
- f F
- g F
- h T
- i T
- j F

R20.2 Multiple choice

- a iv
- b iii
- c i
- d ii
- e iii