

# WAEC

## ACCOUNTS objective

### Past questions

(PT. 1–7)

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# WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.1)

1. Which of the following is NOT an external user of an accounting information?

- A. Management
- B. Creditors
- C. Stakeholders
- D. Government

2. A trial balance is prepared to \_\_\_\_\_

- A. detect fraud
- B. ascertain losses in a trading period
- C. determine opening capital
- D. test arithmetic accuracy of ledger entries

3. A ledger is a \_\_\_\_\_

- A. principal book of accounts
- B. book of original entry
- C. record of credit transactions
- D. summary of entries

4. Which of the following is NOT found in a trial balance?

- A. Opening stock
- B. Closing stock
- C. Capital
- D. Rent paid

**Use the following information to answer questions 6-8.**

Jan. 1	₦
1/1/08 Capital introduced by cash	50,000
2/1/08 Bought goods for retail by cash	10,000
3/1/08 Bought fixtures by cash	5,000
4/1/08 Sold goods to Lagbaja on credit	3,000
5/1/08 Bought goods on credit from Tamedu	8,000

6. Cash balance at 5/1/08 is \_\_\_\_\_

- A. ₦50,000
- B. ₦40,000
- C. ₦35,000
- D. ₦30,000

7. Balance in Purchase Account at 5/1/08 is \_\_\_\_\_

- A. ₦23,000
- B. ₦18,000
- C. ₦10,000
- D. ₦8,000

**8.** Balance in Capital Account at 5/1/08 is \_\_\_\_\_

- A. ~~₦~~60,000
- B. ~~₦~~50,000
- C. ~~₦~~35,000
- D. ~~₦~~5,000

**9.** A Suspense Account is used to \_\_\_\_\_

- A. correct errors
- B. record errors detected until corrected
- C. prepare the balance sheet
- D. prepare the trial balance

**10.** Which of the following is added to the proprietor's capital?

- A. Net profit
- B. Gross profit
- C. Net sales
- D. Gross sales

**11.** Where a wrong figure occurs in only one account with the second figure correctly stated, this is an error of \_\_\_\_\_

- A. transposition
- B. compensation
- C. omission
- D. commission

**12.** A temporary difference in the Trial Balance totals is kept in the \_\_\_\_\_

- A. Adjustment Account
- B. Suspense Account
- C. Imprest Account
- D. Appropriation Account

**13.** In the preparation of bank reconciliation statement, uncredited cheques are \_\_\_\_\_

- A. added to the balance as per bank statement
- B. deducted from the balance as per bank statement
- C. added to the balance as per cash book
- D. ignored totally

**14.** Which of the following is found in the general ledger?

- A. Capital Accounts
- B. Sales Accounts
- C. Loan Accounts
- D. Drawings Accounts

**Use the following information to answer questions 14-15.**

1/1/06	Debtor	D2,600
1/1/06	Provision for bad debts	D60
31/12/06	Bad debts	D60
31/12/06	New provision for bad debts	5% on debtors

**15.** What is the amount of new provision for bad debts?

- A. D130
- B. D127
- C. D124
- D. D120

**16.** The provision for bad debts in the profit and loss account is \_\_\_\_\_

- A. D187
- B. D127
- C. D67
- D. D60

**17.** The balance in a Sales Ledger Control Account indicates the \_\_\_\_\_

- A. difference between debtors and creditors
- B. total sales
- C. total purchase
- D. total debtors

**18.** Sales was D12,500, total expenses was D2,500 and net profit is 10% of sales. What is the gross profit?

- A. D11,250
- B. D8,750
- C. D3,750
- D. D1,250

**19.** Which of the following is the equivalent of the Receipts and Payments Account?

- A. Income and Expenditure Account
- B. Cashbook
- C. Subscription Account
- D. Profit and Loss Account

**20.** Subscription received in advance are \_\_\_\_\_

- A. included in the Income and Expenditure Account
- B. not included in the Receipts and Payments Account
- C. shown as a current asset in the Balance Sheet
- D. shown in the Balance Sheet as a current liability

**21.** Where records maintained are inadequate to facilitate the preparation of a trading and profit and loss account, this is described as \_\_\_\_\_

- A. cost accounting
- B. book-keeping
- C. incomplete records
- D. double entry

**Use the following information to answer questions 22-24.**

Opening stock of raw materials	24,750
Purchases of raw materials	123,640
Carriage of raw materials	10,000
Closing stock of raw materials	45,000

Factory supervisors' salary	30,000
Wages of factory hands	50,000
Royalties paid	18,000
Insurance of factory	62,000
Work-in-progress (opening)	23,000
Raw materials returned	12,000

**22.** The value of raw materials consumed is \_\_\_\_\_

- A. ₦121,440
- B. ₦113,390
- C. ₦111,190
- D. ₦101,190

**23.** The prime cost is \_\_\_\_\_

- A. ₦199,190
- B. ₦169,190
- C. ₦151,190
- D. ₦146,190

**24.** The total overhead expenses is \_\_\_\_\_

- A. ₦142,000
- B. ₦115,000
- C. ₦110,000
- D. ₦92,000

**25.** Bad debts written off is shown as \_\_\_\_\_

- A. debt in the sales ledger
- B. debt in the purchases ledger
- C. credit in the sales ledger
- D. credit in the purchases ledger

**26.** The balance of the Sales Ledger Control Account represents \_\_\_\_\_

- A. total sales
- B. total credit sales
- C. total creditors
- D. total debtors

**27.** The accounting principle that states that insignificant expenditures are NOT to be taken into account is the \_\_\_\_\_

- A. realization concept
- B. materiality convention
- C. marching concept
- D. consistency convention

**28.** Which of the following transactions will increase the working capital of a business?

- A. Payment in cash to a creditor
- B. Payment by cheque to a creditor
- C. Sale of fixed asset in cash
- D. Cash received from debtors

**29.** The realization concept states that \_\_\_\_\_

- A. revenue is recognised as being earned when ownership of goods passes to the customer
- B. revenue and profit should not be anticipated
- C. similar items should be accounted for in a similar way from one accounting period to another
- D. transactions must be expressed in monetary terms

**30.** Where fixed capitals are maintained, partners drawings are transferred to the \_\_\_\_\_

- A. credit of Capital Accounts
- B. debit of Capital Accounts

C. credit of Partners' Current Accounts

D. debit of Partners' Current Accounts

**31.** The method that provides a reliable check upon cash and stock at the branch and discloses the gross profit in the accounts is \_\_\_\_\_

- A. cost plus percentage
- B. cost price
- C. average cost
- D. selling price

**32.** A partner whose liability goes beyond his capital is known as \_\_\_\_\_

- A. dormant partner
- B. limited partner
- C. general partner
- D. nominal partner

**Use the following information to answer questions 33 to 35.**

*Aba and Baba are partners who agreed to share profits and losses in the ratio 4:3 respectively.*

*Extracts from their books for the year ended 31/12/08 are:*

	<b>ABA</b>	<b>BABA</b>	<b>TOTAL</b>
	₹	₹	₹
Capital	20,000	15,000	35,000
Drawings	2,520	-	2,520
Interest on drawings	504	-	504
Interest on capital	2,000	1,500	3,500
Net profit 31/12/08	-	-	<b>34,636</b>

**33.** Aba's share of profit is \_\_\_\_\_

- A. ₹21,504
- B. ₹19,792
- C. ₹18,352
- D. ₹18,080

**34.** Baba's share of profit is \_\_\_\_\_

- A. ₹16,128
- B. ₹14,844
- C. ₹13,764
- D. ₹13,560

**35.** The rate of interest on capital is \_\_\_\_\_

- A. 15%
- B. 10%
- C. 8%
- D. 5%

**36.** Carriage inwards is shown on the \_\_\_\_\_

- A. debit side of the trading account
- B. credit side of the trading account
- C. credit side of the profit and loss account
- D. debit side of the profit and loss account

**37.** An expense is termed an 'accrual' because it \_\_\_\_\_

- A. is yet to be paid for
- B. is a profit and loss account item
- C. must appear in the balance sheet
- D. is a trading account item

**38.** The accounting treatment when goods are sent to branch at cost is, debit Branch Stock Account and credit \_\_\_\_\_

- A. Branch Stock Adjustment Account
- B. Goods Sent to Branch Account
- C. Branch Debtors Account
- D. Branch Profit and Loss Account

**39.** The document prepared for the disbursement of government fund is \_\_\_\_\_

- A. an invoice
- B. a receipt
- C. a payment voucher
- D. a bill

**40.** A financial plan of action expressed in monetary terms is a/an \_\_\_\_\_

- A. warrant
- B. budget
- C. imprest
- D consolidated fund

**41.** Which of the following reserves is NOT used for bonus shares?

- A. Revaluation reserve

- B. Share premium
- C. Capital redemption reserves fund
- D. General reserve

**42.** The accounting concept which assumes that the business will continue to be in existence into the foreseeable future is \_\_\_\_\_

- A. dual aspect
- B. business entity
- C. accrual
- D. going concern

**43.** When shares are sold "at par" it means they are issued at \_\_\_\_\_

- A. the market value
- B. the nominal value
- C. a discount
- D. a premium

**44.** Which of the following does not form part of share-holders fund?

- A. Ordinary shares
- B. Share premium

- C. Profit
- D. Debenture

***Use the following information to answer questions 45 and 46.***

*On 1/7/07, trader owed wages of Le 2,000. During the year ended 30/6/08, wages of Le 2,100 were owed and Le 8,000 were paid.*

**45.** The wages of the year ended 30/6/08, is \_\_\_\_\_

- A. Le 12,400
- B. Le 8,400
- C. 8,000
- D. 17,600

**46.** Wages recorded in the balance sheet as at 30/6/08 is \_\_\_\_\_

- A. Le 8.000
- B. Le 6,000
- C. Le 2,400
- D. Le 2,000

**47.** The collection and organization of data is \_\_\_\_\_

- A. accounting process
- B. central processing
- C. data processing
- D. data manipulation

**48.** Money received from a customer is recorded in the customer's account and bank account: The accounting concept applied is \_\_\_\_\_

- A. business entity
- B. dual aspect
- C. going-concern
- D. money measurement

**49.** The amount for which a business is sold is the \_\_\_\_\_

- A. goodwill
- B. consolidated fund
- C. purchase consideration
- D. capital reserve

**50.** Which of the following is a prime cost?

- A. Royalty
- B. Salary

- C. Commission
- D. Discounts allowed

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## WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.2)

1. The two fundamental books of accounts are \_\_\_\_\_

- A. returns inwards and outwards
- B. journal and ledger
- C. discounts allowed and received
- D. credit note and debit note

2. Which of the following is a capital expenditure?

- A. Extension of building
- B. Repairs of generator
- C. Purchase of stock
- D. Purchase of stationery

3. Expenses accrued at the end of the accounting year is treated in the balance sheet as \_\_\_\_\_

- A. current assets
- B. current liability
- C. fixed assets
- D. long-term liability

4. Another name for owner's equity is \_\_\_\_\_

- A. loan
- B. debtors
- C. capital
- D. overdraft

5. The reduction in value of goodwill is \_\_\_\_\_

- A. amortization
- B. appreciation
- C. depletion
- D. depreciation

***Use the information to answer question 6 to 8.***

	GH¢
Opening stock	4,000
Purchase	12,000
Carriage inwards	300
Returns outwards	322
Sales	20,000
Closing stock	6,000

6. The cost of goods sold is \_\_\_\_\_

- A. GH¢ 16,300
- B. GH¢ 15,978
- C. GH¢ 10,022
- D. GH¢ 9,978

**7.** The cost of goods available for sale is \_\_\_\_\_

- A. GH¢ 16,300
- B. GH¢ 15,978
- C. GH¢ 10,022
- D. GH¢ 9,978

**8.** The gross profit is \_\_\_\_\_

- A. GH¢ 12,300
- B. GH¢ 11.978
- C. GH¢ 10,022
- D. GH¢ 9,978

**9.** Which of the following is NOT recorded in a Partnership Appropriation Account?

- A. Interest on capital
- B. Partners drawings
- C. Share of profit
- D. Interest on drawings

**10.** When a transaction is completely left out from the books, it is an error of \_\_\_\_\_

- A. Commission

B. omission

C. principle

D compensation

**11.** Which of the following is NOT a subsidiary book?

- A. Sales Day Book
- B. Purchase Day Book
- C. General Journal
- D. Trial Balance

**12.** In departmental accounts, rent is apportioned on the basis of \_\_\_\_\_

- A. purchases
- B. floor area occupied
- C. number of personnel in each department
- D. volume of sales

**13.** The document used in government accounting to show evidence of cash receipts and payments is the \_\_\_\_\_

- A. budget
- B. warrant

- C. vote
- D. voucher

**14.** Which of the following errors will affect the totals of a trial balance?

- A. Compensating error
- B. Complete reversal of entry
- C. Error in addition
- D. Error of original entry

**Use the following information to answer questions 15-17.**

*Okoro and Osula are in partnership sharing profits and losses in the ratio 3:2 respectively. Their respective capital were ₦40,000 and ₦15,000 and their drawings were ₦7,000 and ₦5,000 Interest on capital was 55% and interest on drawings was 10% The net profit was ₦30,000.*

**15.** Okoro's share of profit is \_\_\_\_\_

- A. ₦17,070
- B. ₦16,070

- C. ₦11,380
- D. ₦10,000

**16.** Osula's interest on drawings is \_\_\_\_\_

- A. ₦2,000
- B. ₦750
- C. ₦700
- D. ₦500

**17.** The total interest on capital is \_\_\_\_\_

- A. ₦14,000
- B. ₦2,750
- C. ₦2,000
- D. ₦750

**18.** Which of the following is an example of a subsidiary book?

- A. Cash book
- B. Bank statement
- C. Control accounts
- D. Trial balance

**19.** Goods returned by the buyer is recorded in the seller's books as \_\_\_\_\_

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

**20.** The method of ascertaining capital from incomplete records is by preparing the \_\_\_\_\_

- A. cash book
- B. statement of affairs
- C. suspense account
- D. control account

**21.** A petty cashier operates with an imprest of D1,000 per week. At the end of the week he had disbursed D920. How much is needed to restore the imprest?

- A. D1,920
- B. D1,000
- C. D920
- D. D80

**22.** Accumulated fund is also referred to as \_\_\_\_\_

- A. surplus
- B. profit
- C. deficit
- D. capital

**23.** Subscriptions owed by members of a club is a/an \_\_\_\_\_

- A. asset
- B. liability
- C. profit
- D. surplus

**21.** Prime cost is derived by adding \_\_\_\_\_

- I. cost of raw materials consumed.*
- II. indirect expenses.*
- III. direct labour.*
- IV. factory expenses.*
- V. work-in-progress.*
- VI. direct expenses.*

- A. I, II and IV only
- B. I, III and VI only

C. IV. V and VI only

D. II. III and V only

**25.** The document from which entries are transferred to the purchases day book is the \_\_\_\_\_

A. waybill

B. credit note

C receipt

D. invoice

**26.** A book-keeper debited *Motor Vehicle Account of Motor Expenses Account*. This is an error of \_\_\_\_\_

A. commission

B. original entry

C. complete reversal of entry

D. principle

**27.** John received a cheque from Dawda, a debtor, in payment for goods purchased by Dawda on credit. The transaction will be recorded in John's \_\_\_\_\_

A. cash book and sales ledger

B. nominal ledger and sales ledger

C. cash book and purchases ledger

D. nominal ledger and purchases ledger

**Use the following information to answer questions 28 and 29.**

	₦
Prime cost	4,000
Factory overheads	6,000
Stock on 1/1/09	
work-in-progress	1,000
Stock on 31/12/09	
work-in-progress	2,000
Returns inwards	800
Sales	20,000

**28.** Cost of production is \_\_\_\_\_

A. ₦10,000

B. ₦9,000

C. ₦8,000

D. ₦6,000

**29.** Net sales for the period is \_\_\_\_\_

A. ₦20,800

B. ₦20,800

C. ₦19,200

D. ₦10,000

**30.** The total value received by a company as \_\_\_\_\_

- A. paid-up capital
- B. authorized capital
- C. working capital
- D. capital employed

**31.** The first calculating machine in data processing was \_\_\_\_\_

- A. Abacus
- B. Pascal
- C. Punched cards
- D. Digital

**32.** The going-concern concept assumes that \_\_\_\_\_

- A. every transaction is represented by a debit and credit entry.
- B. the currency must not change
- C. the firm is a legal entity
- D. the business will continue to operate indefinitely

**33.** Which of the following is NOT a purpose for which share premium may be utilized?

- A. Issuing fully paid bonus shares
- B. Writing off preliminary expenses
- C. Settling salesmen commission
- D. Providing for a redeemable preference shares

**34.** A debenture is \_\_\_\_\_

- A. a loan capital raised by a company
- B. money given to a company as a gift
- C. accrued expenses
- D share capital

**35.** The concept which deals with the exclusion of trivial items in the accounting records is \_\_\_\_\_

- A. consistency
- B. going concern
- C. materiality
- D. money measurement

**36.** Which of the following is NOT an example of capital reserve?

- A. Share premium
- B. Retained profits

- C. Surplus on revaluation of assets
- D. Pre-incorporation profits

**37.** Goods sent to branch are recorded in the head office's books at \_\_\_\_\_

- I. *selling price.*
- II. *cost price plus mark-up percentage.*
- III. *cost price*

- A. I and II only
- B. I and III only
- C. II and III only
- D. I, II and III

**38.** Computer memory sizes are measured in \_\_\_\_\_

- A. kilometres
- B. kilowatts
- C. kilobytes
- D. centimetres

**39.** Rent owed by a department is treated in the Balance Sheet as \_\_\_\_\_

- A. asset of the business
- B. asset of the department
- C. liability of the business
- D. liability of the department

**40.** When shares are issued to the public and the issuing company has not requested for payment. It is referred to as \_\_\_\_\_

- A. authorized capital
- B. paid-up capital
- C. uncalled capital
- D. unissued capital

***Use the following information to answer questions 41 and 42.***

*Ogogo's Sales Ledger Control Account*

<b>D</b>		<b>D</b>	
Balance b/d	25,180	Discount allowed	1,936
Sales	43,220	Sales returns	1,884
Dishonoured		Cash received	
cheque	542	from customer	xxx
		Balance c/o	5,122
	<u>68,942</u>		<u>68,942</u>

**41.** Net sales is \_\_\_\_\_

- A. D41,878
- B. D41,336

C. D41,248

D. D39,400

**42.** The total cash received from customers is \_\_\_\_\_

A. D68,942

B. D60,000

C. D43,220

D. D41,336

**43.** The diagrammatic representation of the working of the computer program is \_\_\_\_\_

A. flow chart

B. desktop

C. keyboard

D. byte

**44.** The process of recording financial transactions of government is \_\_\_\_\_

A. management accounting

B. financial accounting

C. cost accounting

D. public sector accounting

**45.** A bank statement shows a debit balance of Le 475. After the entry of an uncredited cheque of Le 800, the new balance is \_\_\_\_\_

A Le 325 overdraft

B. Le 325

C. Le 1,275

D. Le 1,275 overdraft

**46.** The business entity concept \_\_\_\_\_

A. separates the owner's transactions from the business

B. records transactions outside the business

C. doesn't separate the owner's transactions from the business transactions

D. involves other business transactions

**47.** Which of the following is NOT used in Public Sector Accounting?

A. Cash book

B. Trial Balance

C. Profit and loss Account

## D. Bank Reconciliation Statement

**48.** The concept which states that assets are NOT to be recorded at their current market value is \_\_\_\_\_

- A. money measurement
- B. materiality
- C. cost
- D. entity

**49.** Provision for depreciation on delivery van is charged to \_\_\_\_\_

- A. trading account
- B. profit and loss account
- C. appropriation account
- D. manufacturing account

**50.** Which of the following date lines is correct for a profit and loss account?

- A. For the year ended 31st December 2000.
- B. As at 31st December 2009.
- C. For the period 31st December 2009.
- D. As at the year 2009.

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## WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.3)

**1.** The objective of accounting information is to enable users to \_\_\_\_\_

- A. prepare the financial statements
- B. value stock
- C. make decisions
- D. prepare budgets

**2.** Trade discounts are given for \_\_\_\_\_

- A. bulk purchases
- B. prompt payment
- C. quick delivery
- D. cash payment

**3.** When closing stock is overstated, it would reduce \_\_\_\_\_

- A. cost of sales and increase gross profit.
- B. gross profit and increase cost of sales
- C. purchases and increase sales.
- D. sales and increase purchases.

**4.** Which of the following is NOT a source of document?

- A. Journal proper
- B. Sales invoice
- C. Debit note
- D. Credit note

**5.** A fixed asset fully written-down by a trader is now considered to be worth ₦5,000. The double entry required to effect this is: debit \_\_\_\_\_

- A. Asset Account: Credit Purchase Account
- B. Asset Account; Credit Capital Account
- C. Capital Account; Credit Asset Account
- D. Capital Account: Credit Profit and Loss Account

**6.** Which of the following is a book of original entry?

- A. Ledger
- B. Balance sheet

C. Bank Statement

D. Sales Journal

**7.** A Balance Sheet shows only \_\_\_\_

A. fixed assets and current assets

B. assets and long term liabilities

C. assets and liabilities

D. assets and capital

**8.** The process of entering transaction from one book to another is \_\_\_\_

A. reading

B. posting

C. numbering

D. listing

**Use the following information to answer questions 9 and 10.**

	<b>1/1/10</b>	<b>31/12/10</b>
	<b>GHc</b>	<b>GHc</b>
<b>Stocks</b>	1,400	1,900
<b>Creditors</b>	2,000	2,700

*Cash paid to trade creditors = GHc 8,000*

*Mark-up on cost of sales = 20%*

**9.** The total purchase is \_\_\_\_

A. GHc 8,700

B. GHc 7,300

C. GHc 26,000

D. GHc 5,300

**10.** The cost of sales is \_\_\_\_

A. GHc 8,200

B. GhC 6,800

C. GHc 5,500

D. GHc 4,800

**11.** Which of the following is a Trading Account item?

A. Discounts allowed

B. Discounts received

C. Carriage outwards

D. Carriage inwards

**12.** The addition of prime cost and factory overheads is \_\_\_\_

A. total factory overheads

B. market value of goods produced

C. cost of goods produced

D. work-in-progress

**13.** Capital receipt is collected \_\_\_\_

- A. on sales of motor vehicle
- B. on sales of stock in trade
- C. from trade debtors
- D. from trading activities

**14.** Which of the following is an example of factory overheads?

- A. Salary of marketing officer
- B. Salary of production officer
- C. Salary of accounting officer
- D. Wages of machine operator

**15.** Osa started business with ₦40,000 cash. The accounting entry is debit \_\_\_\_\_

- A. Cash Account; Credit Capital Account
- B. Capital Account; Credit Cash Account
- C. Purchases Account; Credit Cash Account
- D. Expenses Account; Credit Capital Account

**16.** Branch Stock Account is used to determine the \_\_\_\_\_

- A. net value of goods sent to branch
- B. gross profit of the branch
- C. branch credit sales
- D. branch net profit or loss

**17.** The name given to a budget in public service accounting is \_\_\_\_\_

- A. vote
- B. subvention
- C. general order
- D. estimate

***Use the following information to answer questions 18 and 20***

*Balance Sheet as at 31st December, 2010.*

₦		₦	
Capital	=	Freehold	
40,000		premises	=
Less: Net loss	=	50,000	
<u>5000</u>		Clock	= 3,000
35000		Debtors	=
Less: drawings		4,000	
= <u>2,000</u>		Cash at bank	=
33,000		6,500	
Long term loan		Cash in hand	=
= <u>20,000</u>		1500	
53,000			
Creditors	=		
8,000			

Accrued expenses = 4,000	
=65,000	=65,000

**18.** The amount of working capital is \_\_\_\_\_

- A. ₦11,000
- B. ₦7,000
- C. ₦4,000
- D. ₦3,000

**19.** Working capital ratio is \_\_\_\_\_

- A. 5:4
- B. 5:3
- C. 4:5
- D. 1:1

**20.** Acid test ratio is \_\_\_\_\_

- A. 5:4
- B. 5:3
- C. 4:5
- D. 1:1

**21.** Which of the following is NOT prepared by a partnership?

- A. Trading Account
- B. Profit and Loss Account
- C. Income and Expenditure Account
- D. Profit and Loss Appropriation Account

**22.** A partner who only makes capital contribution but does not take part in the management of the partnership business is a/an \_\_\_\_\_

- A. ordinary partner
- B. limited partner
- C. dormant partner
- D. nominal partner

**23.** Which of the following is a component of prime cost?

- A. Depreciation
- B. Royalty
- C. Factory rent
- D. Factory electricity

**24.** The concept which establishes the rule for the periodic recognition

of revenue as soon as it is capable of objective measurement is \_\_\_\_\_

- A. going concern
- B. entity
- C. consistency
- D. realization

**25.** Rent accrued in 2009 was D140. In 2010, D900 was paid while D160 was outstanding. Rent for 2010 was \_\_\_\_\_

- A. D1,200
- B. D1,060
- C. D920
- D. D880

**26.** Which of the following is NOT an input device?

- A. Card reader
- B. Paper top reader
- C. Alpha-numeric keyboard
- D. Line printer

**27.** The equivalent of Income and Expenditure Account in a trading concern is \_\_\_\_\_

- A. Trading Account
- B. Profit and Loss Account
- C. Appropriation Account
- D. Balance Sheet

**28.** The term used to denote the capital of a not-for-profit making organization is \_\_\_\_\_

- A. annuity fund
- B. nominal capital
- C. circulating capital
- D. accumulated fund

**29.** The portion of authorized capital that has been allotted to subscribers is \_\_\_\_\_

- A. called-up capital
- B. paid up capital
- C. issued capital
- D. nominal capital

**30.** Partners whose liabilities are restricted to their financial contribution to the partnership in the event of winding up are \_\_\_\_\_

- A. ordinary partners

- B. limited partners
- C. dormant partners
- D. sleeping partners

**31.** If creditors at 1/1/10 were Le 3,000, creditors at 31/12/10 Le 5,500 and payments to creditors Le 29,000. The purchases figure for 2010 is \_\_\_\_\_

- A. Le 34,500
- B. Le 32,000
- C. Le 31,500
- D. Le 26.500

**32.** Which of the following is NOT found in the personal ledger?

- A. Debtors Account
- B. Creditors Account
- C. Capital Account
- D. Nominal Account

**32.** Which of the following is NOT found in the personal ledger?

- A. Debtors Account
- B. Creditors Account
- C. Capital Account

D. Nominal Account

**33.** The Sales Ledger Control Account is also referred to as \_\_\_\_\_

- A. Bought Ledger Control Account
- B. Purchases Account
- C. Total Debtors Account
- D. Total Creditors Account

***Use the following information to answer questions 34 and 35***

*The Health Department of Zango Local Government incurred the following expenditure in 2010.*

	<b>Le</b>
<i>Construction of hospital ward</i>	<i>300,000</i>
<i>Purchase of hospital beds</i>	<i>40,000</i>
<i>Salaries and wages</i>	<i>80,000</i>
<i>Purchase of drugs</i>	<i>55,000</i>
<i>Purchase of-ray machine</i>	<i>150,000</i>

**34.** Capital expenditure for the year was \_\_\_\_\_

- A. Le 545,000
- B. Le 490,000
- C. Le 450,000

D. Le 300,000

**35.** The amount of recurrent expenditure was \_\_\_\_\_

A. Le 245,000

B. Le 175,000

C. Le 135,000

D. Le 80,000

**36.** An increase in the provision for doubtful debts results in a/an \_\_\_\_\_

A. increase in the gross profit

B. decrease in the gross profit

C. decrease in the net profit

D. increase in the net profit

**37.** Which of the following errors affects the agreement of a Trial Balance?

A. Wrong addition in the sales account

B. Crediting a purchase to A. Tambi's account instead of F. Tambi's account

C. Failure to enter sales in the books

D. Posting the purchase of a van to the debit side of the purchases account

**38.** The excess of the value of assets over the purchase consideration on acquisition of a business is credited to \_\_\_\_\_

A. share capital account

B. goodwill account

C. capital reserve account

D. general reserve account

**39.** Share of ₦3 nominal value were issued at a price of ₦4. The difference of ₦1 is a \_\_\_\_\_

A. commission

B. discount

C. premium

D. bonus

**40.** Which of the following is NOT the purpose of control account?

A. Check on errors of addition

B. Locate errors

C. Locate missing figures

D. Monitor the cash book

**41.** Which of the following is NOT part of the Central Processing Unit of a computer?

- A. Arithmetic and Logical unit
- B. Memory unit
- C. Input unit
- D. Control unit

**42.** The double entry to record the proceeds on disposal of assets is debit \_\_\_\_\_

- A. Bank Account; Credit Asset Disposal Account
- B. Asset; Disposal Account; Credit Bank Account
- C. Provision for Depreciation Account; Credit Asset Disposal Account.
- D. Asset Disposal Account; Credit Provision for Depreciation Account.

**43.** An underwriter for a company's share is paid \_\_\_\_\_

- A. interest

B. commission

C. dividend

D. salary

**44.** Which of the following is found in a Memorandum of Association?

- A. Names of directors
- B. Appointment of directors
- C. Object of business
- D. Payment of dividend

**45.** Administrative, selling and distribution expenses in a manufacturing firm are recorded in \_\_\_\_\_

- A. Trading Account
- B. Manufacturing Account
- C. Profit and Loss Account
- D. Balance sheet

**46.** Which of the following is NOT revenue to a local government?

- A. Fines
- B. Licenses
- C. Personal income tax
- D. Tenement rates

**Use the following to answer questions 47 and 48**

	<b>D</b>
Cash in	1,400
Cash at bank	2,440
Stock	2,500
Furniture and fittings	2,200
Creditors	1,000

**47.** The capital is \_\_\_\_\_

- A. D7,580
- B. D6,580
- C. D5,380
- D. D1,000

**48.** The liability is \_\_\_\_\_

- A. D7,580
- B. D6,580
- C. D5,380
- D. 1,000

**49.** Which of the following is NOT an item in the profit and loss account?

- A. Drawings
- B. Interest

- C. Salaries
- D. Bad debts

**50.** A loss made on the disposal of a fixed asset is debited to \_\_\_\_\_

- A. Sales Account
- B. Purchase Account
- C. Profit and Loss Account
- D. Capital Account

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## WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.4)

**1.** The distinguishing feature between a two-column and three-column cash book is \_\_\_\_\_

- A. discount column.
- B. cash column
- C. Bank column
- D. ledger folio

**2.** The lodgement of business cash into the business bank account is an example of \_\_\_\_\_

- A. contra entry.
- B. bank reconciliation
- C. self-balancing ledger
- D. reversal entry

**3.** A credit balance is \_\_\_\_\_

- A. a liability or an expense
- B. a liability or an income
- C. an expenditure or an income
- D. an asset or an expense

**4.** Which of the following is NOT a characteristic of a Trial Balance?

- A. It has columns for debit and credit balances
- B. Total of debit balance equals total of credit balance
- C. It is a statement
- D. It is an account

**5.** The capital of a sole trader changes as a result of \_\_\_\_\_

- A. Paying wages by cash
- B. equipment purchased by cheque
- C. drawings by cheque
- D. purchases on credit

**6.** The order of financial accounting process involves:

*(I) recording (II) presenting (III) collecting (IV) analysing*

- A. I, II, III and IV
- B. II. III. I and IV
- C. III, I, II and IV
- D. IV, III, II and I

**7.** A dishonoured cheque is \_\_\_\_\_

- A. debited in the cash book.
- B. credited in the cash book.
- C. double entry in the cash book.
- D. credited in the bank book.

**8.** A petty cashier received a float of GHc 120 and spent GHc 84. The imprest is \_\_\_\_\_

- A. GHc 204
- B. GHc 120
- C. GHc 84
- D. GHc 36

**9.** Which of the following is NOT a book of original entry?

- A. Cash Book
- B. Purchases Ledger
- C. Returns Outwards Journal
- D. General Journal

**Use the following information to answer question 10 to 12**

	<b>₦</b>
Net Profit	60,000
Total Assets	520,000
Current liabilities	150,000
Current assets	280,000

**10.** The current ratio is \_\_\_\_\_

- A. 1:87:1
- B. 1:1:87
- C. 1:2
- D. 2:1

**11.** The capital employed is \_\_\_\_\_

- A. ₦740,000
- B. ₦580,000
- C. ₦370,000
- D. ₦280,000

**12.** The returns on capital employed is \_\_\_\_\_

- A. 17.2%
- B. 16.2%
- C. 15.2%
- D. 11.2%

**13.** The double entry principle states that \_\_\_\_\_

- A. every debit entry must have a corresponding credit entry.
- B. every credit entry must have a corresponding double entry.

- C. every debit entry must have a corresponding double entry.  
D. every asset must have a corresponding liability.

**14.** Which of the following is a nominal account?

- A. Machinery Account
- B. Drawings Account
- C. Debtors Account
- D. Wages Account

**15.** Reserves account is kept in the \_\_\_\_\_

- A. private ledger.
- B. creditors' ledger
- C. nominal ledger
- D. debtors' ledger.

16. An advantage of control account is \_\_\_\_\_

- A. locating figures
- B. adding figures
- C. changing figures
- D. locating errors

**17.** The accumulated fund of a not-for-profit making organization is \_\_\_\_\_

- A. a fixed asset
- B. a current asset
- C. a liability
- D. capital

**18.** "A business is treated as being separate from the owners." This statement is emphasized by \_\_\_\_\_

- A. consistency concept
- B. realization concept
- C. going concern concept
- D. business entity concept

**19.** Which of the following is recorded on the debit side of the Trial Balance?

- A. Bank overdraft
- B. Returns outwards
- C. Purchases
- D. Capital

***Use the following information to answer questions 20 and 21***

	<b>1/6/2011</b>	<b>30/5/2012</b>
	<b>D</b>	<b>D</b>
Creditors	2,495	2,285
Debitors	1215	2,145
Cash paid to creditors	---	32,170
Cash received from customers	---	40,650
Goods returned to supplier	---	500

**20.** Purchases for the year is \_\_\_\_\_

- A. D32,880
- B. D32,780
- C. D32,460
- D. D31,960

**21.** Sales for the year is \_\_\_\_\_

- A. D42,795
- B. D42,080
- C. D41,580
- D. D39,720

**22.** Which of the following is determined in the Trading Account?

- A. Factory overheads
- B. Cost of goods sold
- C. Prime cost
- D. Net profit

**23.** Cash receipts and payments involving discounts are entered in \_\_\_\_\_

- A. three-column cash book
- B. two-column cash book
- C. analytical cash book
- D. petty cash book

**24.** The minimum number of persons required to form a partnership business is \_\_\_\_\_

- A. 2
- B. 3
- C. 5
- D. 10

**25.** Which of the following accounts has a credit balance?

- A. Returns Inward Account
- B. Machinery Account
- C. Sales Account
- D. Cash Account

**26.** The accounting principle that states that, in the preparation of accounting statement, revenue are recognized as soon as goods are passed on to the customer is the \_\_\_\_\_

- A. materiality concept
- B. matching concept
- C. consistency concept
- D. realization concept

**27.** Agreement between partners is contained in the Partnership \_\_\_\_\_

- A. Act
- B. Deed
- C. Accord
- D. Deal

**28.** A low current ratio in a business indicates that the business is \_\_\_\_\_

- A. faced with long term loan repayment problem
- B. efficient in the utilization of its resources
- C. unable to pay its bills on time
- D. growing its net asset effectively

**29.** Which of the following is a recurrent expenditure in public sector accounting?

- A. Purchase of vehicles
- B. Purchase of drugs
- C. Construction of boreholes
- D. Construction of buildings

**30.** In departmental accounts, administrative expenses are recorded in the \_\_\_\_\_

- A. Trading Account
- B. Balance Sheet
- C. Profit and Loss Account
- D. Profit and Loss Appropriation Account

**31.** The Public Account Committee is an organ of \_\_\_\_\_

- A. military regime
- B. parliament
- C. presidency
- D. Councillors

**Use the following information to answer question 32 and 33.**

*Aminn Local Government prepared its receipts and payments accounts from the following:*

	<b>Le</b>
<i>Fines</i>	<i>20,000</i>
<i>Market rates</i>	<i>120,000</i>
<i>Salaries</i>	<i>60,000</i>
<i>Maintenance of vehicles</i>	<i>49,000</i>
<i>Park collections</i>	<i>100,000</i>

**32.** The balance at the end of the period is \_\_\_\_\_

- A. Le 270,000
- B. Le 139,000
- C. Le 131.000
- D. Le 120,000

**33.** The total expenditure for the period is \_\_\_\_\_

- A. Le 319,000

- B. Le 270,000
- C. Le 139.000
- D. Le 109,000

**34.** Which of the following is not an item on the credit side of the purchases ledger control account?

- A. Cash received
- B. Cash payment
- C. Contra settlement
- D. Cheque payment

**35.** When a business is purchased from a sole trader, the excess of the purchase price over the net assets is \_\_\_\_\_

- A. reserve
- B. goodwill
- C. freehold
- D. valuation price

**36.** A set of instructions or programs which controls the operation of a computer is \_\_\_\_\_

- A. software
- B. hardware

- C. monitor
- D. keyboard

**37.** The process of detecting, tracing and eliminating errors in a computer program is \_\_\_\_\_

- A. reproduction
- B. debugging
- C. sorting
- D. retrieving

**38.** In a not-for-profit making organization, the cash book is referred to as \_\_\_\_\_

- A. income and expenditure account
- B. receipts and payments account
- C. two column cash book
- D. petty cash book

**39.** When the going concern concept is no longer applicable, the fixed assets are recorded at their \_\_\_\_\_

- A. net book value
- B. realizable value

- C. gross value
- D. revalued amount

**Use the following information to answer questions 40 and 41**

	<b>GHc</b>
Stock of raw materials 1/1/09	5,000
Stock of raw materials 31/12/09	5,500
Purchase of raw materials	50,000
Carriage inwards	3,000
Direct labour	12,000
Factory overhead	17,000

**40.** The cost of raw materials consumed is \_\_\_\_\_

- A. GHc 58,000
- B. GHc 52,500
- C. GHc 52,000
- D. GHc 50.000

**41.** The prime cost is \_\_\_\_\_

- A. GHc 64,500
- B. GHc 64,000
- C. GHc 58,500
- D. GHc 52,500

**42.** Which of the following relates to the essence of partnership? To \_\_\_\_\_

- A. run a charity organization
- B. pursue a social objective
- C. form a business for profit
- D. run a religious objective

**43.** The basic assumption which underlines the preparation of periodic financial statement is known as accounting \_\_\_\_\_

- A. bases
- B. techniques
- C. concepts
- D. method

**44.** Upon the dissolution of a partnership business, the party to be settled first out of the proceeds realized is \_\_\_\_\_

- A. unsecured creditors
- B. partners' loan and advances
- C. secured creditors
- D. partners' capital

**45.** Stock account is a type of \_\_\_\_\_

- A. nominal account
- B. personal account
- C. real account
- D. fixed assets account

**46.** At the end of a trading period, cost of goods sold is debited to the trading account while cost of services is debited to the \_\_\_\_\_

- A. balance sheet
- B. manufacturing account
- C. trading account
- D. profit and loss account

**47.** Which of the following is NOT part of prime cost of production?

- A. Depreciation of factory equipment
- B. Direct expenses
- C. Direct wages
- D. Carriage on raw materials

**48.** Excess of current assets over current liabilities is \_\_\_\_\_

- A. deferred capital
- B. nominal capital
- C. working capital
- D. authorized capital

**49.** A statement showing a trader's financial position as at a particular date is a/an \_\_\_\_\_

- A. trading account
- B. profit and loss account
- C. balance sheet
- D. appropriation account

**50.** A trading account is prepared to disclose the \_\_\_\_\_

- A. net profit or loss for the year
- B. gross profit loss for the year
- C. accumulated fund for the year
- D. gross profit on manufacturing

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## WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.5)

**1.** The source document used to make entries in the purchases day book is \_\_\_\_\_

- A. debit note
- B. credit note
- C. invoice
- D. receipt

**2.** A book that contains individual accounts of suppliers is the \_\_\_\_\_

- A. purchases ledger
- B. general ledger
- C. nominal ledger
- D. sales ledger

**3.** In the operation of an imprest system of petty cash, the \_\_\_\_\_

- A. petty cashier pays all expenses
- B. petty cashier pays money to the accountant
- C. petty cashier regularly begins each period with the same amount of money

D. main cashier accounts to the petty cashier for some expenses made by him

**4.** An example of a credit entry in a profit and loss account is \_\_\_\_\_

- A. carriage inwards
- B. carriage outwards
- C. discounts allowed
- D. discounts received

**5.** Which of the following subsidiary books involves cash movement?

- A. Sales day book
- B. Purchases day book
- C. Returns inwards book
- D. Petty cash book

**6.** The accounting treatment for a dishonoured cheque is, debit \_\_\_\_\_

- A. Customer's Account; Credit Bank Account
- B. Bank Account; Credit Customer's Account

- C. Customer's Account; Credit Sales Account
- D. Sales Account; Credit Customer's Account

**7.** Net turnover is referred to as \_\_\_\_\_

- A. purchases
- B. assets
- C. sales
- D. profits

**8.** Which of the following transactions will result in disagreement between the cash book and the bank statement?

- A. Selling of goods on credit to a customer
- B. Withdrawal of goods by the proprietor for his personal use
- C. Cheque paid directly into the bank account by a customer
- D. Omission of purchases received from a supplier on credit

**9.** Purchases Account is overcast by ₦200, while Wages Account is undercast by ₦200. This is \_\_\_\_\_

- A. an error of omission
- B. a compensating error
- C. an error of commission
- D. an error of principle

**10.** Which of the following is used to record the disposal of a fixed asset?

- A. Journal Proper
- B. Petty Cash Book
- C. Sales Day Book
- D. Purchases Day Book

***Use the following information to answer question 11 and 12.***

	<b>₦</b>
<i>Cost of motor vehicle 1/1/12</i>	<i>85,000</i>
<i>Residual value</i>	<i>5,000</i>

Estimated useful lifespan 10 years

The business makes use of the straight line method for providing depreciation.

**11.** The annual depreciation is \_\_\_\_

- A. ₦9,000
- B. ₦8,500
- C. ₦8,000
- D. ₦6,500

**12.** The accumulated depreciation as at 31/12/2013 is \_\_\_\_\_

- A. ₦18,500
- B. ₦17,000
- C. ₦16,000
- D. ₦8,000

**13.** An error of principle is made, if \_\_\_\_\_

- A. an entry has been made in the wrong class of account
- B. a transaction has been completely omitted
- C. an entry has been made on the wrong side of the two accounts concerned
- D. a transaction is entered in both accounts for the wrong amount

**14.** Which of the following is entered in the general journal?

- A. Purchase of goods
- B. Sale of goods on credit
- C. Returns inwards
- D. Acquisition of fixed assets

**15.** The cost of carriage outward is classified as \_\_\_\_\_

- A. a selling and distribution expense
- B. an administrative expense
- C. trading expense
- D. a finance expense

**16.** The purchase of ten ceiling fans by Akpan Electronic Enterprises will be recorded as \_\_\_\_\_

- A. an acquisition of fixed asset
- B. an expense in its general office expense account
- C. part of capital in the capital account
- D. an acquisition of stock

**17.** Which of the following accounts would appear in the nominal ledger?

- I. Sanison's account (a debtor).*
- II. Motor vehicle account.*
- III. Sales account.*
- IV. Rent and rates account.*

- A. I, II and III only
- B. I, III and IV only
- C. II, III and IV only
- D. III and IV only

**18.** The sum of direct cost in a manufacturing account is \_\_\_\_\_

- A. production cost
- B. prime cost
- C. total cost
- D. finance cost

**19.** Net profit in a business is \_\_\_\_\_

- A. the amount of money taken out of the business by the owner
- B. the cash in the business bank account

- C. the difference between sales and cost of sales
- D. sale revenue less cost of sales and expenses

**20.** An example of a self-balancing account is the \_\_\_\_\_

- A. suspense account
- B. creditor's account
- C. control account
- D. debtor's account

***Use the following information to answer question 21 and 22.***

*The total sales of a business was GHc 2,160,000. The average mark-up for the year was 50%.*

**21.** The gross profit is \_\_\_\_\_

- A. GHc 2,160,000
- B. GHc 1,440,00
- C. GHc 1,080,000
- D. GHc 720,000

**22.** The cost of sales is \_\_\_\_\_

- A. GHc 2,160,000

- B. GHc 1,440,000
- C. GHc 1,080,000
- D. GHc 720,000

**23.** Which of the following is not an administrative expense in a manufacturing organization?

- A. Discounts allowed
- B. Office electricity
- C. Stationery
- D. Insurance

**24.** When an asset is sold, the entries for the accumulated depreciation are: debit \_\_\_\_\_

- A. Asset Disposal Account; credit Provision for Depreciation Account
- B. Provision for Depreciation Account: Credit Asset Disposal Account
- C. Fixed Asset Account: Credit Asset Disposal Account
- D. Asset Disposal Account: Credit Fixed Asset Account

**25.** A petty cash account has an imprest of D28.000. The account

has a debit balance of D5.000, How much cash is needed to restore the imprest?

- A. D33,000
- B. D28,000
- C. D23,000
- D. D5,000

**26.** In a not-for-profit making organization, when the total income is less than the total expenditure, the difference is a \_\_\_\_\_

- A. surplus
- B. shortfall
- C. loss
- D. deficit

**27.** The accounting concept underlying the treatment of personal expenses of the business owner as drawing is \_\_\_\_\_

- A. periodicity
- B. accrual
- C. entity
- D. materiality

**28.** Which of the following items is not contained in the Receipts and Payments Account?

- A. Subscription paid in advance
- B. Stock paid for in advance
- C. Outstanding wages and salaries
- D. Donations

**29.** The concept that states that a business should not lay claim to any profits before it is earned with reasonable certainty is \_\_\_\_\_

- A. consistency concept
- B. prudence concept
- C. accrual concept
- D. going concern concept

**30.** When shares are issued above their nominal value, the excess above the nominal value is \_\_\_\_\_

- A. credited to Profit and Loss Account
- B. debited to Share Premium Account
- C. credited to Share Capital Account

D. credited to share Premium Account

**31.** Shares issued below nominal value are referred to as shares at \_\_\_\_\_

- A. premium
- B. discount
- C. face value
- D. cumulative value

***Use the following information to answer questions 32 to 34.***

	<b>Le</b>
<b>Capital:</b>	
Aye	20,000
Bee	30,000
<b>Drawings:</b>	
Aye	8,000
Bee	2,000
Profit for the year	10,000

Interest on capital - 6%

Interest on drawings - 10%

Profit sharing is in the ratio of capital.

**32.** The divisible profit is \_\_\_\_\_

- A. Le 14,000
- B. Le 12,000

C. Le 10,000

D. Le 8,000

**33.** Aye's share of profit is \_\_\_\_\_

A. Le 6,000

B. Le 4,800

C. Le 4,000

D. Le 3,200

**34.** Bee's share of profit is \_\_\_\_\_

A. Le 8,000

B. Le 6,000

C. Le 4,800

D. Le 3,200

**35.** The accounting ratio used to measure the average number of days for which suppliers remain unpaid is \_\_\_\_\_

A. stock turnover

B. creditors' payment period

C. debtors' collection period

D. return on capital employed

**36.** When the purchase consideration exceeds the value of business, the difference is \_\_\_\_\_

A. profit

B. discount

C. goodwill

D. reserve

**37.** The primary classification of government expenditure is based on \_\_\_\_\_

A. programs

B. funds

C. activity

D. project

**38.** An example of input device of a computer is \_\_\_\_\_

A. an optical character reader

B. a graph plotter

C. a visual display unit

D. printer

**39.** The accounting concept which states that "*expenditure involving insignificant amounts should be*

regarded as expenses and not assets" is \_\_\_\_\_

- A. business entity
- B. materiality
- C. dual aspect
- D. realization

**40.** A company made a net profit of ₦2,000,000 for the year and its net profit percentage is 25%. What are the total sales for the year?

- A. ₦8,000,000
- B. ₦6,000,000
- C. ₦800,000
- D. ₦500,000

**41.** Which of the following information is recorded in the returns outwards book?

- A. Goods purchased on credit and subsequently returned to supplier
- B. Fixed asset bought on credit and subsequently returned to supplier
- C. Cash payment received from a customer and subsequently returned to supplier

D. Goods sold to a customer and subsequently returned to the business

**Use the following information to answer questions 42 and 43.**

	<b>D</b>
Branch stock account (at selling price)	346,000- debit
Branch mark-up account	62,000 debit

**42.** Calculate the stock figure to be included in the balance sheet at the year end.

- A. D408,000
- B. D346,000
- C. D284,000
- D. D62,000

**43.** The concept applied in answering question 42 above is \_\_\_\_\_

- A. matching
- B. consistency
- C. prudence
- D. entity

**44.** Subscriptions in advance is classified in the balance sheet as \_\_\_\_\_

- A. an asset
- B. a liability
- C. a deficit
- D. a surplus

**45.** Which of the following items is NOT treated in the Profit and Loss Account?

- A. Office expenses
- B. Salaries and allowances
- C. Carriage inwards
- D. Discounts allowed

**46.** The document prepared by a local/district government to present its annual estimates for a planning period is \_\_\_\_\_

- A. a balance sheet
- B. budget
- C. an income and expenditure account
- D. a cash book

**47.** A manufacturing account is drawn up by \_\_\_\_\_

- A. firms providing personal services
- B. firms engaged solely in buying and selling of goods
- C. firms which make and sell articles
- D. non-trading organization

**48.** Which of the following is NOT a factory overhead cost?

- A. Manufacturing wages
- B. Factory rent
- C. Depreciation of machinery
- D. Salary of factory guard

**49.** A collection of fields relating to one logically definable unit of business information is known as \_\_\_\_\_

- A. data
- B. character
- C. byte
- D. record

**50.** The principle of double entry book-keeping states that \_\_\_\_\_

- A. every debtor must have a creditor
- B. every account debited must be immediately credited
- C. for every debit entry, there must be a corresponding credit entry.
- D. for every double debit, there must be a double credit.

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## WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.6)

**1.** Which of the following describes a trial balance?

- A. It is a special account
- B. It is a list of balances in the books
- C. It reveals the financial position of a business
- D. It shows all the entries in the books of a business

**2.** Which of the following is NOT a feature of accounting information?

- A. Affordability
- B. Timeliness
- C. Accuracy
- D. Completeness

**3.** Which of the following is the equation for determining net profit or loss from the records of a firm?

- A. Closing Capital - Drawings - Capital Introduced
- B. Opening Capital + Drawings - Closing Capital

- C. Closing Capital + Opening Capital - Drawings
- D. Closing Capital + Drawings - Opening Capital

**4.** Purchase invoice is first entered in the \_\_\_\_\_

- A. Purchase account
- B. cash book
- C. Sales journal
- D. purchases journal

**5.** Assets acquired is recorded by debiting \_\_\_\_\_

- A. Asset Account, crediting Cash Accounting
- B. Cash Account, crediting Asset Account
- C. Purchase of Business Account
- D. Crediting Sale of Business Account

**6.** Goods returned to a supplier is \_\_\_\_\_

- A. debited to Returns outwards account
- B. credited to Returns outwards account
- C. debited to Returns inwards account
- D. credited to Returns inwards account

**7.** Which of the following is a real account?

- A. Plant account
- B. Salaries account
- C. Creditors account
- D. Trading account

**8.** The accounting ledger for goods sold on credit are debit \_\_\_\_\_

- A. Debtors Account, credit Sales Account
- B. Creditors Account, credit Sales Account
- C. Sales Account, credit Debtors Account
- D. Sales Account, credit Creditors Account

**9.** Which of the following is NOT a book of original entry?

- A. Sales journal
- B. Purchases account
- C. Cash account
- D. Return inwards journal

**10.** What is the ledger entry for the sale of plant and machinery on credit on Wilson?

- A. Credit Sales Account and debit Cash Account
- B. Credit Plant and Machinery Account and debit Wilson's Account
- C. Credit Sales Account and debit Wilson's Account
- D. Credit Plant and Machinery Account and debit Cash Account

**11.** Discount Received Account is a \_\_\_\_\_

- A. real account
- B. personal account
- C. nominal account
- D. profit and loss account

**12.** Which of the following accounts has a credit balance?

- A. Capital
- B. Cash
- C. Drawings
- D. Premises

**13.** The accounting entry to correct sales day book overcast is \_\_\_\_\_

- A. debit Sales Account and credit Debtors Account
- B. debit Suspense Account and credit Sales Account
- C. debit Debtors Account and credit Suspense Account
- D. debit Sales Account and credit Suspense Account

**14.** Which of the following expresses the accounting equation?

- A.  $\text{Capital} + \text{Assets} = \text{Liabilities}$
- B.  $\text{Assets} - \text{Liabilities} = \text{Capital}$
- C.  $\text{Liabilities} + \text{Current Assets} = \text{Fixed Assets}$

D.  $\text{Liabilities} - \text{Capital} = \text{Current Assets}$

**15.** When the invoice of a customer is overcast, the supplier will send to him a \_\_\_\_\_

- A. cheque
- B. payment voucher
- C. debit note
- D. credit note

**16.** Unpresented cheques are cheques \_\_\_\_\_

- A. the have been recorded in the cash book, but not by the bank.
- B. that have been received by the bank, but not recorded in the cash book.
- C. returned by the bank.
- D. written, but not handed over to customers.

***Use the following information to answer questions 17 to 19.***

*Extracts from the books of a firm as at June 30, 2012 showed the following balances:*

	<b>Dr</b>	<b>Cr</b>
	<b>GHc</b>	<b>GHc</b>
<b>Advertising</b>	36,000	
<b>Electricity</b>	60,000	

*Advertising was paid by cheque covering 12 monthly instalments ending March 31, 2012. Electricity was paid by cash covering 15 monthly instalments from March 1, 2011.*

**17.** Advertising owing in respect of the year ended June 30, 2012 is \_\_\_\_\_

- A. GHc 12,000
- B. GHc 9,000
- C. GHc 6,000
- D. GHc 3,000

**18.** What was the amount charged to the profit and loss account in respect of advertising for the year ended June 30, 2012?

- A. GHc 36,000
- B. GHc 30,000
- C. GHc 27,000
- D. GHc 24,000

**19.** Electricity in arrears as at June 30, 2012 amounted to \_\_\_\_\_

- A. GHc 12,000
- B. GHc 10,000
- C. GHc 8,000
- D. GHc 4,000

**20.** The cost of putting goods into a saleable condition is charged to \_\_\_\_\_

- A. balance sheet
- B. trial balance
- C. profit and loss account
- D. trading account

**21.** Which of the following is not a method of depreciating fixed assets?

- A. Revaluation
- B. Straight line
- C. Diminishing balance
- D. Obsolescence

**22.** In preparing a profit and loss account, a decrease in provision

for doubtful debts accounts is treated as \_\_\_\_\_

- A. current liability
- B. expenses
- C. income
- D. current assets

**23.** Which of the following items is found in the sales ledger control account?

- A. Discount received
- B. Total credit purchases
- C. Discount allowed
- D. Returns outwards

**24.** The process of using sales ledger balance to cancel off purchases ledger balance is \_\_\_\_\_

- A. balancing
- B. set off
- C. reconciliation
- D. cancelling

**25.** The total of the returns outwards journal is posted to the \_\_\_\_\_

A. credit side of the returns outwards book

B. debit side of the returns outwards account

C. debit side of the purchases returns book

D. credit side of the returns outwards account

**26.** Which of the following is not revealed by a firm's accounting records?

- A. Profit of a period
- B. Quality of labour force
- C. Credit worthiness
- D. Value of assets

***Use the following information to answer questions 27 and 29.***

	<b>1/7/10</b>	<b>30/6/11</b>
	<b>D</b>	<b>D</b>
<b>Stock</b>	1,460	4,200
<b>Motor van</b>	3,600	3,200
<b>Creditors</b>	600	700

*Drawings during the year amounted to D1,500.*

**27.** Opening capital is \_\_\_\_\_

- A. D5,660
- B. D5,060
- C. D4,460
- D. D2,960

**28.** Closing capital is \_\_\_\_\_

- A. D8,100
- B. D7,400
- C. D6,700
- D. D5,200

**29.** Net profit for the year is \_\_\_\_\_

- A. D12,260
- B. D3,740
- C. D2,440
- D. D2,040

**30.** In the balance sheet of a social club, subscription owing is treated as a \_\_\_\_\_

- A. current liability
- B. current asset
- C. tangible asset
- D. long-term liability

**31.** The accounting concept that allows the cost kitchen cutlery to be expensed, though it will be used for more than one year is \_\_\_\_\_

- A. materiality
- B. accrual
- C. going concern
- D. business entity

**32.** The accounting concept that assumes that a business will continue operating for an indefinite period is \_\_\_\_\_

- A. business entity
- B. going concern
- C. consistency
- D. duality

**33.** The accounting concept that states that a firm's financial affairs must be separated from that of the owner's private transaction is \_\_\_\_\_

- A. business entity
- B. going concern
- C. consistency
- D. duality

**34.** Goodwill is recognized in partnership accounts when \_\_\_\_\_

- A. the business makes a huge profit
- B. the business has good customer relationship
- C. a partner is dormant
- D. a new partner is admitted

**35.** In which of the following accounts is interest on partners' capital found?

- A. Profit and loss
- B. Trading
- C. Income surplus
- D. Profit and loss appropriation

**36.** Which of the following is NOT stated in the partnership agreement?

- A. Profit sharing ratio
- B. Interest on capital
- C. Interest on fixed asset
- D. Purpose of partnership

**37.** How much was paid for goodwill?

- A. GHc 350,000
- B. GHc 260,000
- C. GHc 90,000
- D. GHc 60,000

**38.** The double entry to record the goodwill in the books is debit \_\_\_\_\_

- A. Cash Account and credit Goodwill Account
- B. Goodwill Account and credit Purchases of Business Account
- C. Goodwill Account and credit Cash Account
- D. Purchase of Business Account and credit Cash Account

**39.** The document which sets out the internal arrangement for the proper management of a company is the \_\_\_\_\_

- A. prospectus
- B. article of association
- C. memorandum of association
- D. certificate of incorporation

**40.** A person who has applied to purchase shares in a company is referred to as \_\_\_\_\_

- A. a promoter
- B. a subscriber
- C. an allottee
- D. an underwriter

**41.** Which of the following expenses is allocated according to the floor area?

- A. Wages and salaries
- B. Rent and rates
- C. Canteen expenses
- D. Discount allowed

**42.** Goods stolen at the branch is debited to \_\_\_\_\_

- A. Defalcations Account
- B. Branch Stock Account
- C. Branch Adjustment Account
- D. Branch Debtors Account

**43.** Which of the following is a source of revenue for a local government?

- A. Personal income tax
- B. company registration fees
- C. Royalties
- D. Market tolls

**44.** The instrument used to release fund which the minister of finance had earlier withheld is \_\_\_\_\_

- A. reserve expenditure warrant
- B. supplementary general warrant
- C. provisional general warrant
- D. supplementary statutory warrant

**45.** Which of the following relates to cash basis of accounting?

- A. Accruals and prepayments are considered
- B. Debtors and creditors are recorded
- C. Fixed assets are written off in the year of purchase
- D. Profits are maximized

***Use the following information to answer questions 46 and 47.***

	<b>Ade</b>	<b>Bola</b>
	<b>₦</b>	<b>₦</b>
<b>Capital</b>	40,000	30,000
<b>Drawings</b>	10,000	15,000

*Interest on Drawings is 5%; Profit is shared equally; Net profit for the period is ₦4,250*

**46.** Ade's share of profit is \_\_\_\_\_

- A. ₦5,500
- B. ₦4,250
- C. ₦2,750
- D. ₦1,250

**47.** Bola's share of profit is \_\_\_\_\_

- A. ₦4,500
- B. ₦4,250
- C. ₦3,000
- D. ₦2,750

**48.** Which of the following is found on the credit side of a partnership's appropriation of profit account?

- A. Interest on capital
- B. Interest on drawings
- C. Share of profit
- D. Drawings

**49.** Which of the following is a spreadsheet application?

- A. Excel
- B. Word
- C. Internet
- D. Windows

**50.** The quality of output information depends on the \_\_\_\_\_

- A. quality of input data
- B. time of processing
- C. speed of processing
- D. quantity of output device

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## WAEC ACCOUNTS OBJECTIVE QUESTIONS (PT.7)

**1.** External users of accounting information include \_\_\_\_\_

- A. employees
- B. management
- C. bankers
- D. directors

**2.** Every asset should have \_\_\_\_\_

- A. a non-monetary value
- B. tangible and intangible qualities
- C. monetary cost and future benefits
- D. an inadequate monetary value

**3.** Which of the following are impersonal accounts?

- I. Investment*
- II. Creditors*
- III. Premises*
- IV. Debtors*
- V. Salaries*

- A. I, III and IV
- B. I, III and V
- C. II and IV
- D. III and V

**4.** Nwoye buys stock and pays by cheque. The entries in the books of Nwoye is Debit \_\_\_\_\_

- A. Purchases; Credit cheque
- B. Purchase; Credit bank
- C. Bank; Credit Purchases
- D. Cheque; Credit Purchases

**5.** A bank statement shows an overdraft of GHc190,000. Kofi, a debtor, paid GHc400,000 into the account. The new bank balance is \_\_\_\_\_

- A. GHc590,000
- B. GHc590,000 overdrawn
- C. GHc210,000
- D. GHc210,000 overdrawn

**6.** Which of the following errors are errors of commission?

- I. A cheque paid to Adom debited to Adam's account.
- II. Credit sales to Eva credited to sales account but debited to Eve's account.

III. Furniture repairs debited to furniture account.

IV. Credit purchases from Manu credited to Manu's account.

- A. I and II
- B. I and IV
- C. II and IV
- D. III and IV

**7.** A petty cash account has an imprest of GHc6,000. If GHc2,000 were left, how much will be reimbursed at the end of the period?

- A. GHc8,000
- B. GHc6,000
- C. GHc4,000
- D. Ghc2,000

**8.** Cash paid to Jake, ₦2.500, was entered on the credit side of his account and debited to cash account. This is an error of \_\_\_\_\_

- A. Principle
- B. Commission
- C. Complete reversal of entries

D. Original entry

**9.** One of the Purchases invoices of Mr Dauda showed D96,240 less 12½% trade discount and cash discount of 20%. Since Mr. Dauda paid the amount due within the credit period, the amount paid is \_\_\_\_\_

- A. D77,368
- B. D73,157
- C. D67,368
- D. D63,157

**10.** Bank reconciliation statement is prepared to reconcile the differences between \_\_\_\_\_

- A. bank statement and credit transfers
- B. cash book and bank transfers
- C. bank statement and cash transfers
- D. cash book and bank statement

**11.** Which of the following items of expense involves actual cash payment?

- A. Discount allowed
- B. Provision to depreciation
- C. Carriage outwards
- D. Allowance for doubtful debts

**12.** In the preparation of the Trading Account of Omuya Ltd, the company included credit sales of ₦18,000 made during the year. The concept guiding this treatment is the \_\_\_\_\_

- A. materiality concept
- B. dual aspect concept
- C. matching concept
- D. money measurement concept

**13.** In accounting context, purchases refer to \_\_\_\_\_

- A. goods bought and paid for only
- B. goods bought for resale only
- C. goods bought on credit only
- D. goods bought to be used in the firm only

**14.** Which of the following items is a current liability?

- A. Stock of raw materials
- B. Cash in hand
- C. Bills payable
- D. Cash at bank

**15.** The balance sheet is prepared to reveal \_\_\_\_\_

- A. the result of the operations for the period under review
- B. the financial position of the business
- C. the arithmetical accuracy of the ledger accounts
- D. the accruals and payments

**16.** The excess of cost of goods sold over net sales is \_\_\_\_\_

- A. gross profit
- B. gross loss
- C. net profit
- D. net loss

***Use the following information to answer questions 17 and 18.***

*Rent prepaid 1/01/2014 = ₦600*

*Rent paid 31/12/2014 = ₦3200*

*Rent prepaid 31/12/2014 = ₦400*

**17.** Rent for 2014 chargeable to the profit and loss account is \_\_\_\_\_

- A. ~~£~~4,000
- B. ~~£~~3,200
- C. ~~£~~3,000
- D. ~~£~~2,800

**18.** The balance sheet as at 31st December, 2014 will show \_\_\_\_\_

- A. current asset of ~~£~~600
- B. current asset of ~~£~~400
- C. current liability of ~~£~~400
- D. current asset of ~~£~~600

**19.** Which of the following would result from an increase in the provision for doubtful debts?

- A. A decrease in gross profit
- B. A decrease in net profit
- C. An increase in gross profit
- D. An increase in net profit

**Use the following information to answer questions 20 and 21.**

Acquisition cost of computers = Le 80,000

Installation cost = Le 20,000

Estimated residual value = Le 1,000

5years

**20.** The depreciable value of computers is \_\_\_\_\_

- A. Le 80,000
- B. Le 96,000
- C. Le 100,000
- D. Le 104,000

**21.** The total costs of the computers is \_\_\_\_\_

- A. Le 80,000
- B. Le 96,000
- C. Le 100,000
- D. Le 104,000

**22.** Which of the following expenses constitutes prime cost?

- I. Direct labour cost.
- II. Factory overheads.
- III. Hiring of machine for production.
- IV. Warehouse rent.

- A. I and II only
- B. I and III only
- C. I, II and III only
- D. I, II and IV only

**23.** Partly manufactured goods are treated in the balance sheet of a manufacturing company as \_\_\_\_\_

- A. current assets
- B. fixed assets
- C. current liabilities
- D. long term liabilities

**Use the following information to answer questions 24 and 25.**

*Cash purchase = D29,641*

*Creditors 1/1/14 = D2,473*

*Creditors 31/12/14 = D3,117*

*Cash paid to creditors = D127,345*

*Discount received = D4,211*

**24.** The credit purchases is \_\_\_\_\_

- A. D161,841
- B. D156,986
- C. D134,673
- D. D132,200

**25.** The total purchases is \_\_\_\_\_

- A. D161,841
- B. D156,986
- C. D134,673
- D. D132,200

**26.** Offei, a petty trader, sold goods for GHc 36,240. The gross profit being  $33\frac{1}{3}\%$  on cost. What was the cost price?

- A. GHc45,300
- B. GHc28,992
- C. GHc27,180
- D. GHc24,160

**27.** Which of the following is a credit item in an Income and Expenditure account?

- A. Electricity
- B. Donations
- C. Stationery
- D. Bar suppliers

**28.** Purchases of fixtures and fittings by a club is recorded in the \_\_\_\_\_

- A. Receipts and Payments Accounts only
- B. Income and Expenditure only
- C. Receipts and Payments Account and Balance sheet
- D. Income and Expenditure Account and Balance sheet

**29.** The concept which states that the affairs of a business are to be treated as being separate from the private?

- A. realisation concept
- B. business entity concept
- C. cost concept
- D. dual aspect concept

**30.** Where fixed capitals are maintained in a partnership, share of profits are \_\_\_\_\_

- A. credited to partners capital accounts
- B. credited to partners current accounts
- C. debited to partners capital accounts

D. debited to partners currents accounts

**31.** In the absence of a partnership agreement, additional capital contributions by partners attract interest of \_\_\_\_\_

- A. 5%
- B. 10%
- C. 12%
- D. 15%

**32.** In preparing partnership accounts, interest on drawings is debited to current accounts and credited to \_\_\_\_\_

- A. capital account
- B. appropriation account
- C. drawings account
- D. profit and loss account

**33.** When allotments have been fully paid, subscribers are referred to as \_\_\_\_\_

- A. allotters
- B. applicants

- C. non-members
- D. shareholders

**Use the following information to answer questions 34 to 36.**

*Oruma Ltd issued 300,000 ordinary shares at ₦1.00 each. Applications were received for 200.00 shares and all those who applied, paid in full.*

**34.** The subscribed share capital is \_\_\_\_\_

- A. ₦300,000
- B. ₦250,000
- C. ₦200,000
- D. ₦150,000

**35.** The unsubscribed share capital is \_\_\_\_\_

- A. ₦300,000
- B. ₦200,000
- C. ₦150,000
- D. ₦100,000

**36.** The Authorised share capital is \_\_\_\_\_

- A. ₦300,000
- B. ₦250,000
- C. ₦200,000
- D. ₦150,000

**37.** The Branch Current Account records \_\_\_\_\_

- A. head office transactions with the branch
- B. branch transactions with the head office
- C. goods sent to branch at selling price
- D. cash received from branch as sale

**38.** The entries for credit sales at branch where the Head office keeps all records are: Debit \_\_\_\_\_

- A. Branch Stock Account; Credit Branch Debtors Account
- B. Branch Debtors Account; Credit Branch stock Account
- C. Branch Debtors Account; Credit Branch Adjustment Account
- D. Branch Adjustment Account; Credit Branch Debtors Account

**39.** The cost of goods returned by branch to head office is debited to \_\_\_\_\_

- A. Branch stock Adjustment Account
- B. Goods sent to Branch Account
- C. Branch stock Account
- D. Branch Profit and Loss Account

**40.** Which of the following is a source of local government revenue?

- A. Excise duties
- B. Market dues
- C. Import duties
- D. Loans and grants

**41.** The transfers of money from one sub-head to another in the public sector is \_\_\_\_\_

- A. budgeting
- B. allocation
- C. virement
- D. vote

**42.** The total of the discounts received column in the three column cash book is \_\_\_\_\_

- A. debited to Discounts Received Account
- B. credited to Discounts Received Account
- C. debited to Discounts Allowed Account
- D. credited to Discounts Allowed Account

**43.** Which of the following expenses is apportioned between departments based on sales?

- A. Discount received
- B. Electricity
- C. Carriage inwards
- D. Carriage outwards

**44.** In the purchase of a business, a buyer has paid more than the value of the net assets of the business. The excess payment is referred to as \_\_\_\_\_

- A. bonus

- B. goodwill
- C. net profit
- D. premium

**45.** Assets which are readily convertible into cash are termed as \_\_\_\_\_

- A. liquid assets
- B. fixed assets
- C. intangible assets
- D. tangible assets

**46.** A loan to a company under the company's seal is \_\_\_\_\_

- A. fixed deposit
- B. mortgage
- C. bond
- D. debenture

**47.** Debts that a firm is unable to recover are debited to Bad Debts Account and credited to \_\_\_\_\_

- A. Suppliers Account
- B. Sales Account
- C. Customers Account
- D. Cash Account

**48.** When a fixed asset is disposed, the accounting entries to write off the asset are Debit \_\_\_\_\_

- A. Profit and Loss Account, Credit Asset Disposal Account
- B. Asset Disposal Account, Credit Profit and Loss Account
- C. Asset Disposal Account, Credit Asset Account
- D. Profit and Loss Account, Credit Provision for Depreciation Account

**49.** The financial statement which is an expression of the accounting equation is the \_\_\_\_\_

- A. Trading Account
- B. Profit and Loss Account
- C. Balance sheet
- D. Statement of cash flow

**50.** Which of the following errors will affect the agreement of the trial balance?

- A. Error of original entry
- B. Error of commission
- C. Error of transposition
- D. Error of omission

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