

# Statements 2.3 - MAKEorBREAK Sample Questions

Castle Score

**MAKEorBREAK™**

Statements 2.3

1	21	41
2	22	42
3	23	43
4	24	44
5	25	45
6	26	46
7	27	47
8	28	48
9	29	49
10	30	50
11	31	51
12	32	52
13	33	53
14	34	54
15	35	55
16	36	56
17	37	57
18	38	58
19	39	59
20	40	60

Got the answer?  
Be the first to stand  
your group's flag.

**ACCOUNTING SAMPLE  
Statements 2.3**

The group with the most  
castles wins. Enjoy!

**Question 1:**  
Give the general journal entry required at balance sheet day to record wages owing of \$5,400.

Score

Answer

**Answer:**  
Dr Wages 5,400  
Cr Accrued Expenses 5,400

**Question 2:**  
Give the general journal entry required at balance sheet day in Year 2 of the asset's life to record depreciation on the van, calculated at 20% diminishing value method. Cost of van \$9,000 (GST incl).

Score

Answer

**Answer:**  
Dr Depreciation van 1,280  
Cr Accumulated depreciation van 1,280

**Question 3:**  
What is the name of the ledger account used to close off income and expense accounts?

Score

Answer

**Answer:**  
Income summary or performance summary

**Question 4:**  
Give the general journal entry required at balance sheet day to increase the allowance for doubtful debts by \$1,200.

Score

Answer

**Answer:**  
Dr Doubtful debts 1,200  
Cr Allowance for doubtful debts 1,200

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**Question 5:**  
What is the term for cost less accumulated depreciation?

Score

Answer

**Answer:**  
Carrying amount

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# Statements 2.3 - MAKEorBREAK Sample Questions

Score

Answer

**Question 6:**  
Calculate the profit from the following: Closing capital \$38,000; Drawings \$17,000; Opening Capital \$31,000; Capital contribution \$10,000.

**Answer:**  
**\$14,000**

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Score

Answer

**Question 7:**  
Give the general journal entry required at balance sheet day to close off drawings \$14,000.

**Answer:**  
**Dr Capital 14,000**  
**Cr Drawings 14,000**

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Score

Answer

**Question 8:**  
Which measurement basis is generally used for the preparation of financial statements?

**Answer:**  
**Historical cost**

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Score

Answer

**Question 9:**  
Give the general journal entry required at balance sheet day to record the dividend announced by ABC Ltd of 10 cents per share. The business owns 50,000 shares.

**Answer:**  
**Dr Accrued Income 5,000**  
**Cr Dividends Received 5,000**

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Score

Answer

**Question 10:**  
At what amount are Accounts Receivable stated in the Statement of Financial Position?

**Answer:**  
**Estimated realisable value after allowing for doubtful debts**

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Score

Answer

**Question 11:**  
Give the general journal entry to close off sales returns of \$730.

**Answer:**  
**Dr Income Summary 730**  
**Cr Sales returns 730**

# Statements 2.3 - MAKEorBREAK Sample Questions

**Question 12:**  
Give the general journal entry required at balance sheet day to record the depreciation on a machine which cost \$27,000 (GST incl); has a residual value of \$9,000 (GST incl); was used for 20,000 hours and has an expected useful life of 400,000 hours.

**Answer:**  
Dr Depreciation machine 800  
Cr Accumulated depreciation 800

Score  
Answer

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**Question 13:**  
Calculate the payments to suppliers from the following: Opening accounts payable \$8,000; credit notes issued \$2,000; closing accounts payable \$6,300; discount received \$500; credit notes received \$1,200; invoices received \$63,000.

**Answer:**  
\$63,000

Score  
Answer

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**Question 14:**  
Give the general journal entry required at balance sheet day to record fees \$5,980 (GST incl) received in advance

**Answer:**  
Dr Fees 5,200  
Cr Income in advance 5,200

Score  
Answer

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**Question 15:**  
What is the term for the cost of an asset less its residual value?

**Answer:**  
Depreciable amount

Score  
Answer

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**Question 16:**  
What is the income earned through the ownership of shares?

**Answer:**  
Dividend (received)

Score  
Answer

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**Question 17:**  
Give the general journal entry required at balance sheet day to transfer a net profit of \$34,000 to the business owner.

**Answer:**  
Dr Income Summary 34,000  
Cr Capital 34,000

Score  
Answer

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# Statements 2.3 - MAKEorBREAK Sample Questions

Score

Answer

**Question 18:**  
Name 5 current liabilities.

**Answer:**  
Any 5 of: Bank overdraft, accounts payable, GST payable, accrued expenses, income in advance, short term loan etc.

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Score

Answer

**Question 19:**  
Name the main source of income for a service business.

**Answer:**  
Fees (received)

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Score

Answer

**Question 20:**  
Rent expense is paid quarterly in advance. \$17,250 (GST incl) was paid on 1 March. Give the general journal entry required at balance sheet day (31 March) to record this.

**Answer:**  
Dr Prepayments 10,000  
Cr Rent 10,000

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Score

Answer

**Question 21:**  
Which 2 items in the Statement of Financial Position are stated inclusive of GST?

**Answer:**  
Accounts receivable,  
Accounts payable

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Score

Answer

**Question 22:**  
Give the entry to reverse interest on loan expense \$3,500.

**Answer:**  
Dr Accrued expenses \$3,500  
Cr Interest on loan expense \$3,500

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Score

Answer

**Question 23:**  
Which financial report shows how well the business has performed?

**Answer:**  
Income statement

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Score

Answer

**Question 24:**  
Give the general journal entry to close off bad debts of \$680.

**Answer:**  
Dr Income summary 680  
Cr Bad debts 680

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Score

Answer

**Question 25:**  
Why is the prepayment adjustment prepared exclusive of GST?

**Answer:**  
The GST was accounted for when the expense was paid.

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Score

Answer

**Question 26:**  
Give the journal entry to record the invoice on hand for tour fees \$414 (GST Incl) which has not been recorded yet.

**Answer:**  
Dr Accounts Receivable \$414  
Cr Tour fees \$360  
Cr GST \$54

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Score

Answer

**Question 27:**  
Tenants have paid 2 months rent in advance for their office space. The monthly rental is \$800 (GST excl). Give the general journal entry required at balance sheet day to record this.

**Answer:**  
Dr Rent received 1,600  
Cr Income in advance 1,600

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Score

Answer

**Question 28:**  
Name 5 current assets.

**Answer:**  
Any 5 of: Petty cash, inventory, supplies on hand, bank, accounts receivable, prepayments, accrued income, GST receivable etc.

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Score

Answer

**Question 29:**  
Name 3 kinds of 'other income' for a trading business.

**Answer:**  
Any 3 of: Interest received, dividends received, rent received, commission received, gain on sale of PPE item etc.

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# Statements 2.3 - MAKEorBREAK Sample Questions

**Question 30:**  
Give the general journal entry required at balance sheet day to write off additional bad debts \$276.

**Answer:**  
Dr Bad debts 240  
Dr GST 36  
Cr Accounts Receivable 276

Score  
Answer

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**Question 31:**  
What is the term that refers to a business's ability to pay their debts as they fall due?

**Answer:**  
Liquidity

Score  
Answer

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**Question 32:**  
Which financial statement would assist the owner in understanding why they made a profit yet have an overdrawn bank account?

**Answer:**  
Statement of Cash Flows

Score  
Answer

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**Question 33:**  
Give the general journal entry required at balance sheet day to decrease the allowance for doubtful debts from \$500 to \$350.

**Answer:**  
Dr Allowance for doubtful debts 150  
Cr Doubtful debts 150

Score  
Answer

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**Question 34:**  
What is the term for the profit made from buying and selling goods?

**Answer:**  
Gross profit

Score  
Answer

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**Question 35:**  
Calculate the opening bank balance from the following: total payments \$55,000; closing bank balance \$2,965; total receipts \$49,300.

**Answer:**  
\$8,665

Score  
Answer

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# Statements 2.3 - MAKEorBREAK Sample Questions

Score

Answer

**Question 36:**  
A building costing \$500,000 (GST excl) is depreciated 1% straight line method. Give the general journal entry required at balance sheet day to record this.

**Answer:**  
Dr Depreciation building 5,000  
Cr Accumulated depreciation building 5,000

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Score

Answer

**Question 37:**  
Which transaction does a credit note issued give evidence of?

**Answer:**  
Sales return

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Score

Answer

**Question 38:**  
What does EFTPOS stand for?

**Answer:**  
Electronic funds transfer at point of sale

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Score

Answer

**Question 39:**  
Give the general journal entry required at balance sheet day to record interest on the 6% \$12,000 loan if the trial balance has \$660 interest expense.

**Answer:**  
Dr Interest (expense) 60  
Cr Accrued Expenses 60

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Score

Answer

**Question 40:**  
Calculate the cash payments amount for the Statement of Cash Flows from the following: drawings \$24,000 (included \$4,000 inventory); opening accounts payable \$12,000; closing accounts payable \$10,000; invoices received \$67,000; depreciation \$5,000; wages \$23,000; direct debits for rent \$20,000; loan repayment \$4,000.

**Answer:**  
\$136,000

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Score

Answer

**Question 41:**  
What value is used for inventories in the Statement of Financial Position?

**Answer:**  
Lower of cost and net realisable value.

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# Statements 2.3 - MAKEorBREAK Sample Questions

Score

Answer

**Question 42:**  
Give the general journal entry required to transfer a net loss of \$5,200 to the owner.

**Answer:**  
Dr Capital 5,200  
Cr Income Summary 5,200

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Score

Answer

**Question 43:**  
What is the difference between an AP and a DD?

**Answer:**  
AP is for a fixed amount e.g. rent, while DD is for a variable amount e.g. electricity.

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Score

Answer

**Question 44:**  
How many credits is achievement standard 2.3?

**Answer:**  
5

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Score

Answer

**Question 45:**  
Give the general journal entry required at balance sheet day to record the invoice received on 30 March which has not yet been recorded for petrol \$276.

**Answer:**  
Dr Petrol (Vehicle expenses) 240  
Dr GST 36  
Cr Accounts Payable 276

Score

Answer

**Question 46:**  
Calculate the carrying amount of a building costing \$450,000 which is depreciated 5% straight line after 5 years.

**Answer:**  
\$337,500

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Score

Answer

**Question 47:**  
After closing off has been completed, which types of ledger account(s) have zero balances?

**Answer:**  
Incomes, expenses and drawings

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# Statements 2.3 - MAKEorBREAK Sample Questions

Score

Answer

**Question 48:**  
What amount would be shown in administration expense if the allowance for doubtful debts has decreased from \$680 to \$420?

**Answer:**  
-\$260 or (\$260)

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Score

Answer

**Question 49:**  
Record the adjustment to the allowance for doubtful debts to 2% of accounts receivable if Accounts Receivable is \$22,640 before a bad debt of \$1,840 has been written off. The allowance has a balance of \$350.

**Answer:**  
Dr Allowance for doubtful debts 66  
Cr Doubtful debts 66

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Score

Answer

**Question 50:**  
Which property, plant and equipment item is not normally depreciated?

**Answer:**  
Land

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Score

Answer

**Question 51:**  
Give the general journal entry required to reverse fees of \$3,000 received in advance.

**Answer:**  
Dr Income in advance 3,000  
Cr Fees received 3,000

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Score

Answer

**Question 52:**  
What is the carrying amount of a vehicle costing \$46,000 (GST incl) after 2 years if it depreciated 20% DV method?

**Answer:**  
\$25,600

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Score

Answer

**Question 53:**  
Give the general journal entry required at balance sheet day to record the interest owing on the \$20,000 term deposit which has been invested for 3 months at an interest rate of 2.5%pa.

**Answer:**  
Dr Accrued Income 125  
Cr Interest Received 125

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# Statements 2.3 - MAKEorBREAK Sample Questions

**Question 54:**  
 Explain the credit entry of \$525

Score  
 Answer

31/3	Balance			450	Dr
	Accrued expenses	75		525	Dr
	Income summary		525	0	
1/4	Accrued expenses		75	75	Cr

**Answer:**  
 Closing off the expense account at year end

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**Question 55:**  
 Which financial statement's amounts are all GST inclusive where relevant?

Score  
 Answer

**Answer:**  
 Statement of cash flows

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**Question 56:**  
 What is meant by the term 'net realisable value'?

Score  
 Answer

**Answer:**  
 Selling price less costs of selling

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**Question 57:**  
 Calculate the amount of a \$45,000 loan payable in 5 equal instalments over the next 5 years, which would be shown as a current liability.

Score  
 Answer

**Answer:**  
 \$9,000

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**Question 58:**  
 The annual van insurance premium was paid on 1 Jan \$1,656 (GST incl). Balance sheet day is 31 March. Give the general journal entry required.

Score  
 Answer

**Answer:**  
 Dr Prepayments 1,080  
 Cr Insurance 1,080

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**Question 59:**  
 Calculate the cash from customers from the following: Closing accounts receivable \$12,000; Discount allowed \$1,500; Bad debts \$3,900; Doubtful debts \$600; Credit sales \$190,000; Sales returns \$5,000; Opening accounts receivable \$14,000.

Score  
 Answer

**Answer:**  
 \$181,600

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## Statements 2.3 - MAKEorBREAK Sample Questions

Score

Answer

**Question 60:**

Give the general journal entry required to reverse prepaid insurance of \$550.

**Answer:**

**Dr Insurance 550**

**Cr Prepayments 550**

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