



ACCOUNTING

Year 12 Summer Homework

YOUR NAME _____

TEACHER _____

Task 1b

Quick Review -multiple choice questions

a) What is the purpose of bookkeeping?

- A To prepare financial statements of a business.
- B To calculate the profit of a business.
- C To record the financial transactions of a business.
- D To identify trends in a business.

b) Which is not shown in a business's financial statements?

- A Cost of staff training courses
- B Improved knowledge of staff
- C Cost of advertising
- D Staff wages

c) Which of the following statements best describes management accounting?

- A It uses past information only in decision making
- B It uses predicted information only in decision making
- C it uses predicted and past information in decision making
- D It uses double entry bookkeeping

d) Why should a trader record all the financial information about her business?

- A to calculate her bank balance
- B to calculate her trade receivables
- C to calculate her drawings
- D to calculate her profit for tax purposes

Task 2 – Reasons for keeping records

Mark Bentley used £20 000 from his personal savings to start a new business. For additional finance, he obtained a £20 000 bank loan.

Explain **two** reasons why Mark should keep accounting records.

Reason 1 (3 marks)

Reason 2 (3 marks)

Task 3a

Match the fields of accounting in List A with the appropriate definitions from List B.

List A	List B
Financial Accountant	
Auditor	
Bookkeeper	
Management Accounting	

List B

- i. Person who calculates all the costs of a product or service and helps managers to run the business more effectively. This person produces budgets, which help when a business has to make major decisions.
- ii. A suitably qualified person who independently examines the accounting records and reports on whether or not the financial statements show a true and fair view of the business.
- iii. A person connected with the preparation of past financial accounting information for members of the public and business people and offers advice to these clients.
- iv. A person who records all financial data methodically and makes sure this is recorded accurately in the business books