

ACCA Diploma in Financial and  
Management Accounting  
(RQF Level 2)

**FA1**

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**Recording Financial Transactions**

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**EXAM KIT**

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# Section 1

## STUDY SUPPORT QUESTIONS

### BUSINESS TRANSACTIONS AND DOCUMENTATION

#### 1 CASH OR CREDIT

Given below are a number of transactions. For each transaction, tick the relevant box to indicate whether it is a cash transaction or a credit transaction.

TRANSACTION	CASH	CREDIT
(a) Receipt of goods costing \$140.59 from a supplier together with an invoice for that amount.	<input type="checkbox"/>	<input type="checkbox"/>
(b) Payment of \$278.50 by cheque for a purchase at the till.	<input type="checkbox"/>	<input type="checkbox"/>
(c) Receipt of a deposit of \$15.00 for goods.	<input type="checkbox"/>	<input type="checkbox"/>
(d) Sending of an invoice for \$135.00 to the payer of the deposit for the remaining value of the goods.	<input type="checkbox"/>	<input type="checkbox"/>
(e) Sale of goods for \$14.83, payment received by credit card.	<input type="checkbox"/>	<input type="checkbox"/>

(5 marks)

#### 2 DOCUMENTS

Fill in the boxes to give the names of the various documents used at the following stages of the process of purchasing goods by means of cash or on credit.

(a) Request to supplier to supply goods.	<input type="text"/>
(b) Notification by supplier of the amount due to be paid for the goods.	<input type="text"/>
(c) Notification by purchaser to the supplier of the amount enclosed as payment.	<input type="text"/>
(d) Cancellation of an amount due to a supplier.	<input type="text"/>
(e) Record of a cash sale given to a customer.	<input type="text"/>

(5 marks)

### 3 DEBIT/CREDIT NOTES

Fill in the gaps in the following sentences, which explain the difference between a debit note and a credit note.

A credit note is a document produced by the ..... and sent to the ..... which cancels all or part of .....

A debit note, on the other hand, is raised by the ..... and sent to the ..... requesting a ..... Not all businesses employ a formal debit note for this purpose; many rely on a letter or telephone call only. **(6 marks)**

## DOUBLE ENTRY BOOKKEEPING

### 4 TERMINOLOGY

Fill in the gaps to identify the following terms:

- (a) An ..... is a present resource controlled by the ..... as a result of a past .....
- (b) A ..... is an amount owed by the business to another business or individual.  
Examples include a ..... and amounts owed to the suppliers of goods or services which have yet to be paid for.
- (c) ..... is an asset comprising goods purchased for resale, components for inclusion in manufactured products, and the finished products which have been manufactured which have not yet been sold.
- (d) ..... is the liability of the business to the owner of the business.
- (e) ..... is the term which refers to amounts taken out of the business by the owner. **(10 marks)**

### 5 CLASSIFYING TRANSACTIONS AND BALANCES

Given below are a number of typical transactions and balances that might be found in a business.

Fill in the boxes to indicate whether the items are assets, liabilities, expenses or income.

- (a) Goods stored in the warehouse awaiting resale
- (b) Electricity bill paid
- (c) Cash received from sale of goods
- (d) Amounts owing from a customer
- (e) Rent paid for the factory building
- (f) Cash paid into the business by the owner



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