

- 1 On 1 January 2009 a business had prepaid rent of \$50. During 2009, three rent payments were made of \$250 each. On 31 December 2009, the business still owes \$200 rent on account for 2009.

The business owner has charged the rent payments made during 2009 in his income (profit and loss) account.

What is the effect on net profit?

- A** \$200 too high
B \$200 too low
C \$250 too high
D \$250 too low
- 2 A customer paid a deposit in advance for goods to be supplied at a later date.

How should this be recorded in the seller's books?

	debit	credit
A	cash	customer
B	cash	sales
C	customer	prepayment
D	customer	sales

- 3 Non current (fixed) assets of a company were:

	start of year \$	end of year \$
at cost	460 000	505 000
cumulative depreciation	215 000	237 000
net book value	245 000	268 000

During the year non current (fixed) assets costing \$92 000 were purchased and non current (fixed) assets with a net book value of \$16 000 were sold.

What was the depreciation charge for the year?

- A** \$22 000 **B** \$23 000 **C** \$53 000 **D** \$69 000