

1 The accounts of a business show:

| | |
|---|-----------------------|
| 1 | payments to suppliers |
| 2 | prepaid expenses |
| 3 | purchases |
| 4 | purchases returns |

Which items will be debited to accounts in the purchases ledger?

- A** 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 3 and 4

2 X Ltd rents its building to Y Ltd.

At 31 December 2002, Y Ltd owed \$4500 for rent, but at 31 December 2003 had paid \$3200 in advance. During the year X Ltd had received \$17 100 in rental from Y Ltd.

What is the rental income to be shown in X Ltd's Profit and Loss Account for the year ended 31 December 2003?

- A** \$9400 **B** \$15 800 **C** \$18 400 **D** \$24 800

3 From which of the following do revenue reserves arise?

- A** the issue of new shares by a company
- B** the revaluation of fixed assets
- C** the share premium received on shares issued by the company
- D** the trading activities of a company

4 A. Spender owns a road haulage business.

What would be classified as capital expenditure?

- A** purchase of number plates for new lorries
- B** purchase of replacement fuel pump for lorries
- C** purchase of replacement tyres for lorries
- D** purchase of road tax licence