

- 7** A business uses the AVCO method of inventory valuation.

When is the average cost per unit calculated?

- A** when the cost price decreases
- B** when the cost price increases
- C** when units are issued
- D** when units are received

- 8** A business maintains control accounts as part of its double entry system.

Which error would cause an entry in the suspense account?

- A** A page total from the purchases journal was posted as \$9780 rather than the correct figure of \$9870.
- B** Carriage outwards is credited to the carriage outwards account but correctly accounted for in the cash book.
- C** Discounts allowed are debited to the discounts allowed account and credited to the purchases ledger control account.
- D** Repairs to a vehicle are debited to the vehicles account.

- 9** An electricity accrual of \$375 was treated as a prepayment in preparing a trader's income statement.

What was the effect on profit?

- A** overstated by \$375
- B** overstated by \$750
- C** understated by \$375
- D** understated by \$750

- 10** The following information is taken from the rent account of a business.

	\$
rent prepaid at the beginning of the year	1 400
rent paid during the year	13 900
rent accrued at the end of the year	800

What is the rent expense for the year?

- A** \$11 700
- B** \$13 300
- C** \$14 500
- D** \$16 100