

1 Which statement contains the correct accounting treatment for accrued income?

- A added to income and shown as a current asset
- B added to income and shown as a current liability
- C deducted from income and shown as a current asset
- D deducted from income and shown as a current liability

2 A trader made the following transactions.

| | \$ |
|---|-----|
| cash withdrawn from bank for business use | 200 |
| cash banked | 120 |

What was the total effect on ledger accounts?

| | increase | \$ | decrease | \$ |
|---|--------------|-----|--------------|-----|
| A | bank account | 80 | cash account | 80 |
| B | bank account | 320 | cash account | 320 |
| C | cash account | 80 | bank account | 80 |
| D | cash account | 320 | bank account | 320 |

3 Rent is paid by a business monthly in advance on the first day of each month. The payments during this financial year have been as follows.

up to and including 1 June \$500 per month
 from 1 July \$600 per month

Which amount(s) will appear in the financial statements for the year ended 31 October?

| | income statement expense | statement of financial position |
|---|-----------------------------|------------------------------------|
| A | \$6400 | \$600 other receivables |
| B | \$6400 | \$600 other payables |
| C | \$6400 | — |
| D | \$7000 | — |