

- 1 A business purchases a new van.

The table shows the purchase invoice details:

	\$
purchase price	13 000
delivery charge	500
sign writing	200
road tax	200
tank of fuel	50

How much should be debited to the motor van account?

- A** \$13 500 **B** \$13 700 **C** \$13 900 **D** \$13 950
- 2 A company has completed arrangements for the closure of part of its business next year.
What should the company create in this year's accounts for the closure costs?
- A** a contingency
B a liability
C a provision
D a reserve
- 3 The journal entry 'Debit Subscription Income, Credit Creditors' was made in the accounting records of a club.
What does this represent?
- A** subscriptions owed by members
B subscriptions received by cheque
C subscriptions received in advance
D subscriptions refunded to members
- 4 A business makes a provision for doubtful debts equal to 5 % of its debtors.
At 31 March 2003 net debtors were shown in the Balance Sheet as \$17 100.
At 31 March 2004 the balance on its Sales Ledger Control account was \$19 000. In the year ended 31 March 2004 a bad debt of \$800 had been written off.
How much should be debited in the Profit and Loss Account for the year ended 31 March 2004 for the provision for doubtful debts?
- A** \$10 **B** \$50 **C** \$55 **D** \$95