

- 9 A trader adjusts his financial statements for a prepayment of \$15 000 for three months' property rental.

Which accounting concept has he applied?

- A consistency
- B matching
- C materiality
- D prudence

- 10 What is meant by the historical cost principle?

- A Each transaction must have a debit and credit of equal value.
- B Reported profits are realistic and not overstated.
- C Similar transactions should be recorded in the same way.
- D Transactions are recorded at actual cost.

- 11 A business provides the following information.

	\$
cash received from customers	200 000
opening trade receivables	40 000
closing trade receivables	30 000
discounts allowed	5 000
provision for doubtful debts	4 000

How much are the credit sales?

- A \$190 000      B \$195 000      C \$199 000      D \$215 000

- 12 The trial balance of a business does not agree. The difference has been entered in a suspense account.

The error was caused by a cheque for \$400 from Omar being debited to Omar's account.

Which entries correct this?

	account debited \$	account credited \$
A	bank 400	suspense 400
B	suspense 400	Omar 400
C	suspense 800	Omar 800
D	suspense 800	bank 800