

1 A trader made four transactions.

- 1 paid for repairs to manufacturing equipment
- 2 purchased an item to be used by the business for more than 12 months
- 3 took goods for resale for his own use
- 4 transferred his own vehicle to the business

Which items are capital expenditure?

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

2 A payment from a credit customer has been credited to cash sales.

Which entries correct this error?

| | account to be debited | account to be credited |
|----------|-----------------------|------------------------|
| A | customer | bank |
| B | customer | sales |
| C | sales | bank |
| D | sales | customer |

3 A statement of financial position includes a 10% provision for doubtful debts totalling \$7800. The income statement shows bad debts written off of \$750 and bad debts recovered of \$150.

What was the original value of trade receivables?

- A** \$78 000 **B** \$78 600 **C** \$78 750 **D** \$78 900

4 A club's income and expenditure account for 2012 showed rent and rates of \$4000.

On 31 December 2012 rent owing was \$600 and rates paid in advance was \$800.

What was the amount shown in the receipts and payments account for rent and rates for the year ended 31 December 2012?

- A** \$3800 **B** \$4000 **C** \$4200 **D** \$5400