

- 4 A trial balance at 30 June, before making end of year adjustments, showed:

	debit \$	credit \$
trade debtors	35 600	-
provision for doubtful debts	-	1 160

At 30 June, it was decided to write off a bad debt of \$1600 and to make a provision for doubtful debts equal to 2 % of trade debtors.

What was the total expense in the profit and loss account for bad and doubtful debts for the year ended 30 June?

- A** \$680 **B** \$1120 **C** \$2080 **D** \$2280

- 5 A company has two fixed assets. Details are given in the table.

asset	date bought	cost \$	depreciation method		residual value
X	1 Jan, Year 1	10 000	straight line	life 5 years	\$2000
Y	1 Jan, Year 1	20 000	reducing balance	rate 20%	nil

What is the depreciation charge for the year ended 31 December, Year 2?

- A** \$4800 **B** \$5200 **C** \$5600 **D** \$6000

- 6 Which transaction applies the matching concept?

- A** a machine acquired on long-term rental is included in fixed assets
B computer equipment is depreciated over two years
C a building is revalued following a fall in property prices
D a waste-paper basket is treated as revenue expenditure

- 7 The following debit balance appears on a trial balance after preparing the manufacturing account for the year.

loose tools \$18 000

What is this item?

- A** a creditor for loose tools
B the annual charge for loose tools
C a prepayment for loose tools
D stock of loose tools