

- 1 The accounting year end of a business is 31 October.

On 1 April the business rents out part of its warehouse for an annual rent of \$6000. Payments were received in equal instalments on 1 April, 1 July, 1 October and 1 January.

At 31 October what would the final accounts show?

	profit and loss account \$		balance sheet \$	
A	rental income	3500	current asset	1000
B	rental income	3500	current liability	1000
C	rental income	4500	current liability	1000
D	rental income	6000	current asset	1500

- 2 A business paid \$15 000 for electricity in the year. The opening prepayment was \$1000 and the closing accrual was \$2000.

What was the charge for electricity for the year?

- A** \$15 000 **B** \$16 000 **C** \$17 000 **D** \$18 000

- 3 A business makes a provision for doubtful debts equal to 5 % of its debtors.

At 31 March 2008 the provision for doubtful debts was \$850.

At 31 March 2009 the debtors after the provision for doubtful debts were \$17 100.

How much is the increase in the provision for doubtful debts for the year ended 31 March 2009?

- A** \$45 **B** \$50 **C** \$850 **D** \$900

- 4 A business is separate from its owner. This results in only business transactions being recorded in the accounts.

Which accounting principle applies?

- A** business entity
B materiality
C money measurement
D prudence