

- 12** An item of revenue expenditure has been incorrectly treated as capital expenditure in the accounts of a business.

What effect will the correction of this error have on the accounts?

	net profit	net assets
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

- 13** A club charges each of its 100 members an annual subscription of \$12.

At the end of a year four members had not paid their annual subscription.

What will be the entries in the financial statements for subscriptions?

	Income and Expenditure account	Balance Sheet	
A	\$1 152	current asset	\$48
B	\$1 152	current liability	\$48
C	\$1 200	current asset	\$48
D	\$1 200	current liability	\$48

- 14** Which item will be included in a Balance Sheet as a creditor?

- A** loan stock issued by a company
- B** preference shares issued by a company
- C** revaluation reserve
- D** Share Premium account