

**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
<b>A</b>	customer	bank
<b>B</b>	customer	sales
<b>C</b>	sales	bank
<b>D</b>	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