

- 5 A business keeps a separate sales ledger. Its nominal ledger includes a sales ledger control account.

Which entry corrects the nominal ledger when the sales journal is undercast?

	account to debit	account to credit
A	sales	suspense
B	sales	trade receivables
C	suspense	sales
D	trade receivables	sales

- 6 Which statement is correct?

- A** The balance on the irrecoverable debts account is carried down to the next accounting period.
- B** The balance on the irrecoverable debts account is treated as an expense in the income statement.
- C** The balance on the provision for doubtful debts account is calculated before the deduction of irrecoverable debts.
- D** The balance on the provision for doubtful debts account is not included in a trial balance.

- 7 What would result in cash coming into a business?

- A** a transfer to general reserve
- B** an issue of bonus shares
- C** proceeds from the sale of a non-current asset
- D** the revaluation of an asset

- 8 A sole trader has the following information available for rent and rates for a year.

	\$
opening accrual	750
bank payments during the year	2650
closing prepayment	850

What is the rent and rates expense to be included in the income statement for the year?

- A** \$1050 **B** \$2550 **C** \$2750 **D** \$4250