

- 5 A business has provided the following information.

	\$
provision for doubtful debts at 1 January 2017	2 950
trade receivables at 31 December 2017	75 000

The provision for doubtful debts is to be maintained at 5% of trade receivables.

Which entries are made at 31 December 2017?

	income statement	provision for doubtful debts account
A	\$800 credit	\$800 debit
B	\$800 debit	\$800 credit
C	\$3750 credit	\$3750 debit
D	\$3750 debit	\$3750 credit

- 6 What is the use of a sales ledger control account?

- A** to assist in the location of errors
- B** to calculate the value of irrecoverable debts to be written off
- C** to determine the value of total sales revenue
- D** to identify possible contra with purchases ledger control account

- 7 On 1 January a business has prepaid \$800 for four months' motor insurance. It also has an outstanding invoice for fuel of \$140.

During January it pays the fuel invoice and a further \$600 for fuel.

At 31 January it has an outstanding fuel invoice of \$160.

What is the charge for motor expenses in the income statement for January?

- A** \$760 **B** \$960 **C** \$1100 **D** \$1560