

- 1 A company manufactures a single product as shown.

selling price	\$20 per unit
variable costs	\$15 per unit

Its budgeted fixed costs are \$200 000.

How many units must the company sell to make a net profit of \$50 000?

- A** 10 000 units    **B** 30 000 units    **C** 40 000 units    **D** 50 000 units

- 2 The table gives data about rental income for the year ended 31 March 2003.

	\$
rents owing 31 March 2002	1 400
rents received in advance 31 March 2002	1 300
cash received	13 700
rents written off	560
rents owing at 31 March 2003	1 750
rents paid in advance at 31 March 2003	1 600

Which figure for rental income will appear in the Profit and Loss Account for the year ended 31 March 2003?

- A** \$14 010    **B** \$14 210    **C** \$14 310    **D** \$14 510

- 3 At the beginning of the year a business has a provision for doubtful debts of \$2600. At the year end the provision is to be 5 % of trade debtors.

The balance on the Debtors Control account at the year end is \$69 200, before writing off a bad debt of \$480.

The business operates a separate Bad Debts account.

What is the entry in the Profit and Loss Account for the provision for doubtful debts?

- A** \$836 debit    **B** \$860 debit    **C** \$836 credit    **D** \$860 credit

- 4 On 1 October 2001 a company purchased machinery for \$26 000. It was decided to depreciate the asset using the reducing balance method at a rate of 20 % per annum.

On 30 September 2003 the asset was sold for \$12 000.

What is the profit or loss on disposal?

- A** \$3600 loss    **B** \$3600 profit    **C** \$4640 loss    **D** \$4640 profit