

- 1 Sanjay maintains a sales ledger in which Pardeep's account has a debit balance of \$850.

What does this show?

- A Pardeep has paid Sanjay \$850.
- B Pardeep owes Sanjay \$850.
- C Sanjay has paid Pardeep \$850.
- D Sanjay owes Pardeep \$850.

- 2 On 1 March a sales company has prepaid \$3600 for 12 months' travel costs. It also has an outstanding hotel bill of \$180.

During March it pays the outstanding hotel bill and a further \$700 for airline tickets.

At 31 March it has an outstanding hotel bill of \$220.

What is the correct cost of travel in the income statement for March?

- A \$920                      B \$1220                      C \$1400                      D \$4520

- 3 A book-keeper failed to record accrued rent payable of \$12 000 at the year end.

What is the effect of this on the financial statements?

	net assets	profit for the year
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

- 4 Which books of prime entry are used in preparing a disposal account?

- A cash book and general journal
- B cash book and sales journal
- C cash book, general journal and sales journal
- D general journal and sales journal