

- 1 At the end of its financial year a business had trade receivables of \$16 000 and had provision for doubtful debts of \$640. The provision is to be maintained at 5%.

Which amount is shown in the income statement?

- A** \$160 credit **B** \$160 debit **C** \$800 credit **D** \$800 debit

- 2 The non-current assets of a business are shown in the table.

	end of year \$	start of year \$
cost	360 000	300 000
accumulated depreciation	<u>120 000</u>	<u>75 000</u>
net book value	240 000	225 000

During the year, non-current assets costing \$110 000 were bought and non-current assets with a net book value of \$20 000 were sold.

What was the depreciation charge for the year?

- A** \$35 000 **B** \$45 000 **C** \$50 000 **D** \$75 000

- 3 A sole trader calculated a draft profit for the year of \$56 750.

He then discovers that discounts received of \$580 and discounts allowed of \$665 had been recorded on the wrong sides of their respective accounts.

What is the correct profit for the year?

- A** \$56 580 **B** \$56 665 **C** \$56 835 **D** \$56 920

- 4 Opening inventory is found to be overstated by \$8000 and closing inventory is overstated by \$6500.

What is the effect of the correction of these errors on profit for the year?

- A** decrease of \$1500
B decrease of \$14 500
C increase of \$1500
D increase of \$14 500