

- 1** A business maintains a sales journal, a purchases journal, a cash book and a general journal.

Which items would be posted to the ledger accounts from the journal?

- 1 depreciation charge for the year
- 2 write off of a bad debt
- 3 discount allowed on settlement of a debt
- 4 interest on overdue accounts

A 1, 2 and 4 **B** 1 and 4 only **C** 2, 3 and 4 **D** 2 and 3 only

- 2** A company's accounting year end is 31 December. It always pays its insurance premiums annually, in advance, on the due date, 1 September.

During the last few years the following premiums have been paid:

Year 1 \$2400
Year 2 \$2760
Year 3 \$3840

What will be the charge for insurance in the company's income statement for Year 3?

A \$2760 **B** \$3120 **C** \$3480 **D** \$3840

- 3** A. Spender owns a road haulage business.

What would be classified as capital expenditure?

- A** number plates for new lorries
- B** replacement fuel pump for lorries
- C** replacement tyres for lorries
- D** road tax licence for new lorries

- 4** Which of these statements are correct?

- 1 A share premium account is classified as a reserve.
- 2 A revaluation reserve may be negative if a non-current asset decreases in value.

A 1 only
B 2 only
C both 1 and 2
D neither 1 nor 2