

- 1 Rent for premises is paid monthly in advance on the first day of each month. The payments during the last financial year were as follows.

up to and including 1 January	\$1000 per month
from 1 February	\$1200 per month

Which amount(s) will appear in the financial statements for the year ended 30 April?

	income statement	statement of financial position
A	\$12 400	–
B	\$12 600	–
C	\$12 600	\$1200 accrual
D	\$12 600	\$1200 prepaid

- 2 Which item is revenue expenditure?

- A** cost of painting new office premises during construction
- B** cost of repairs to factory plant and machinery
- C** legal fees for the purchase of new factory premises
- D** wages of a company's own workmen for building an office extension

- 3 The following items appear in a statement of financial position.

- an estimate of a liability in a court case, the outcome of which is uncertain
- an unrealised surplus from the revaluation of a non-current asset
- accumulated depreciation on non-current assets
- an estimate of future loss arising from bad debts

How many of these are provisions and how many are reserves?

	provisions	reserves
A	1	3
B	2	2
C	3	1
D	4	0