

- 1 A business purchases a new van.

The table shows the purchase invoice details:

	\$
purchase price	13 000
delivery charge	500
sign writing	200
road tax	200
tank of fuel	50

How much should be debited to the motor van account?

- A** \$13 500      **B** \$13 700      **C** \$13 900      **D** \$13 950
- 2 A company has completed arrangements for the closure of part of its business next year.  
What should the company create in this year's accounts for the closure costs?
- A** a contingency  
**B** a liability  
**C** a provision  
**D** a reserve
- 3 The journal entry 'Debit Subscription Income, Credit Creditors' was made in the accounting records of a club.  
What does this represent?
- A** subscriptions owed by members  
**B** subscriptions received by cheque  
**C** subscriptions received in advance  
**D** subscriptions refunded to members
- 4 A business makes a provision for doubtful debts equal to 5 % of its debtors.  
At 31 March 2003 net debtors were shown in the Balance Sheet as \$17 100.  
At 31 March 2004 the balance on its Sales Ledger Control account was \$19 000. In the year ended 31 March 2004 a bad debt of \$800 had been written off.  
How much should be debited in the Profit and Loss Account for the year ended 31 March 2004 for the provision for doubtful debts?
- A** \$10      **B** \$50      **C** \$55      **D** \$95