

- 9 A business has trade receivables of \$52 000 at the year-end.

The existing provision for doubtful debts is \$3000.

The provision for doubtful debts is to be maintained at 5% of trade receivables.

What is the effect of adjusting the provision?

	on profit	on current assets
A	decrease by \$2600	decrease by \$400
B	decrease by \$2600	decrease by \$2600
C	increase by \$400	decrease by \$400
D	increase by \$400	increase by \$400

- 10 The closing balance on a purchases ledger control account is \$163 762. The purchases journal has been undercast by \$1000.

What is the correct closing balance on the purchases ledger control account?

- A** \$162 762 **B** \$163 762 **C** \$164 762 **D** \$165 762

- 11 A business provided the following information for two years.

	year 1	year 2
	\$	\$
non-current assets	9 000	12 000
net current assets	1 000	2 000

There were no non-current liabilities.

The drawings in year 1 were \$5000 and in year 2 were \$3000.

What was the profit for year 2?

- A** \$1000 **B** \$4000 **C** \$5000 **D** \$7000

- 12 Why is the profit on revaluation credited to the capital accounts and **not** the current accounts of existing partners?

- A** assets are long term and so are the capital accounts
B profit on revaluation is an unrealised profit
C so that partners can get more money when they retire from the partnership
D to increase the capital accounts balances so that partners can earn a higher interest on capital