

- 13 A business has the following balances at the end of its financial period.

	\$
trade receivables	10 620
bad debt not yet written off	260
provision for doubtful debts brought forward	460

What should the business do if it wishes to maintain the bad debt provision at 5% of trade receivables?

- A Decrease the existing provision by \$58.
 - B Increase the existing provision by \$58.
 - C Decrease the existing provision by \$71.
 - D Increase the existing provision by \$71.
- 14 Motor vehicles purchased for \$530 000 at the start of the year have been incorrectly depreciated for the whole year at 10% instead of 25%.

Ledger balances **after** the entries have been posted:

	\$
motor vehicles at cost	530 000
provision for depreciation	53 000

Which entries will correct the error?

	account to be debited	\$	account to be credited	\$
A	income statement	79 500	provision for depreciation of motor vehicles	79 500
B	income statement	132 500	provision for depreciation of motor vehicles	132 500
C	provision for depreciation of motor vehicles	79 500	income statement	79 500
D	provision for depreciation of motor vehicles	132 500	income statement	132 500