

- 1 A club's income and expenditure account for 2006 showed rent and rates as \$4000.

On 31 December rent owing was \$600 and rates paid in advance was \$800.

What was the amount shown in the receipts and payments account for rent and rates for the year ended 31 December 2006?

- A** \$3800 **B** \$4000 **C** \$4200 **D** \$5400

- 2 When preparing a sole trader's annual accounts, no adjustments were made for prepayments at the end of the year.

What is the effect of these omissions?

A	net profit overstated	creditors understated
B	net profit understated	creditors understated
C	current assets overstated	owner's capital overstated
D	current assets understated	owner's capital understated

- 3 A business prepares its accounts to 31 December. Insurance premiums paid were:

date paid		\$
January 2006	paid for 6 months to 31 December 2005	940
July 2006	paid for 6 months to 30 June 2006	1120
January 2007	paid for 6 months to 31 December 2006	1245
March 2007	paid for 6 months to 30 June 2007	1880

Which amount should be shown in the profit and loss account for the year ended 31 December 2006?

- A** \$1120 **B** \$2060 **C** \$2365 **D** \$3305