

- 5 At the beginning of the year a company has a provision for doubtful debts of \$1000. At the end of the year the required provision is \$2500. During the year debts of \$1500 are written off and \$100 is received in respect of a debt written off many years ago.

What is the net amount charged to the income statement for bad and doubtful debts?

- A** \$1500 **B** \$2500 **C** \$2900 **D** \$3000

- 6 What would be treated as part of the capital cost of the purchase of a building?

- 1 legal costs of the purchase
- 2 redecoration of the building
- 3 installation of air conditioning needed for the machinery in the building

- A** 1 only **B** 1, 2 and 3 **C** 1 and 3 only **D** 2 and 3 only

- 7 Ryan purchased a van for \$16 000 on 31 December 2010. It is his policy to apply 25% per annum reducing balance depreciation for each part of the year the asset is held. Ryan traded the vehicle in on 1 July 2013 for a \$6150 reduction on the cost of a new vehicle.

What was the profit or loss made on the disposal of the van?

- A** \$600 loss **B** \$1725 loss **C** \$150 profit **D** \$2150 profit

- 8 On 30 September 2012 a manufacturer's current assets totalled \$28 000. The next day, only two transactions took place.

- 1 Inventory was bought for cash. The price of \$2000 was subject to a trade discount of 20% and a cash discount of 5%. Payment was made immediately.
- 2 A bad debt of \$400 was written off.

What was the total of current assets on 2 October 2012?

- A** \$27 680 **B** \$28 080 **C** \$29 520 **D** \$29 600

- 9 The table shows information from the books of a business at 30 April 2013.

details	\$
credit sales invoiced during financial year	79 000
goods sent to customers on 28 April 2013 and invoiced 4 May 2013	6 100
goods sent to customers during April 2013 on sale or return basis but not sold by 30 April 2013	8 300

What is the value of sales for the year ended 30 April 2013?

- A** \$76 800 **B** \$85 100 **C** \$87 300 **D** \$93 400