

- 1 A company has issued shares at a premium.

For what purpose may the balance on the share premium account be used?

- A to provide for the premium on the redemption of shares which were issued at par
- B to provide for the discount on a new issue of shares
- C to write off the preliminary expenses incurred in forming the company
- D to write off a loss on the revaluation of fixed assets

- 2 The accounting year end for a company is 31 October.

The table shows the company's telephone bill received on 2 December for the three months ended 30 November.

	\$
telephone calls to 30 November	1041
rental of equipment for the period from 1 September to 30 November	156
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total telephone bill	1197

Which accrual should the company make in the accounts for the year ended 31 October?

- A \$503                  B \$798                  C \$1093                  D \$1197

- 3 Which item should be treated as capital expenditure?

- A cost of carriage on the purchase of a fixed asset
- B cost of replacement of part of a fixed asset
- C depreciation of a fixed asset
- D repairs to a fixed asset

- 4 A loan due for repayment in 20 months' time has been included as a current liability.

What will be the effect when this is corrected?

- A increase net assets
- B increase net current assets
- C no effect on net current assets
- D reduce net current assets