4 A trial balance at 30 June, before making end of year adjustments, showed:

	debit $	credit $
trade debtors	35 600	-
provision for doubtful debts	-	1 160

At 30 June, it was decided to write off a bad debt of $1600 and to make a provision for doubtful debts equal to 2% of trade debtors.

What was the total expense in the profit and loss account for bad and doubtful debts for the year ended 30 June?

A $680   **B** $1120   **C** $2080   **D** $2280

5 A company has two fixed assets. Details are given in the table.

asset	date bought	cost $	depreciation method		residual value
X	1 Jan, Year 1	10 000	straight line	life 5 years	$2000
Y	1 Jan, Year 1	20 000	reducing balance	rate 20%	nil

What is the depreciation charge for the year ended 31 December, Year 2?

A $4800   **B** $5200   **C** $5600   **D** $6000

6 Which transaction applies the matching concept?

A   a machine acquired on long-term rental is included in fixed assets

B   computer equipment is depreciated over two years

C   a building is revalued following a fall in property prices

D   a waste-paper basket is treated as revenue expenditure

7 The following debit balance appears on a trial balance after preparing the manufacturing account for the year.

   loose tools $18 000

What is this item?

A   a creditor for loose tools

B   the annual charge for loose tools

C   a prepayment for loose tools

D   stock of loose tools