

- 5 At the end of year 1 a company had a debit balance of \$760 on its Rent Payable account.
- Payments for rent in year 2 totalled \$10 600 and at the end of the year rent prepaid was \$1290.
- How much rent was charged against profit in year 2?

A \$8550 **B** \$10 070 **C** \$10 600 **D** \$11 130

- 6 Businesses anticipate losses but not profits in preparing their annual accounts.

Which accounting concept is being applied here?

- A** accruals
- B** consistency
- C** going concern
- D** prudence

- 7 What is an example of the application of the concept of accounting for substance over form?

- A** accounting for stock losses
- B** recording an asset acquired under a hire purchase agreement as a fixed asset
- C** recording the premium on the issue of ordinary shares in a share premium account
- D** writing off a debt from a customer in liquidation

- 8 The following information is extracted from the books of a company.

	\$000
freehold premises at cost	125
provision for depreciation of freehold premises	50

The premises are revalued at \$180 000.

Which entries are required in the company's books to record the revaluation?

	Profit and Loss Account	Freehold Premises at Cost account	Provision for depreciation	Revaluation Reserve
A	none	debit \$55 000	debit \$50 000	credit \$105 000
B	debit \$50 000	debit \$55 000	none	credit \$105 000
C	debit \$55 000	debit \$75 000	debit \$50 000	credit \$180 000
D	debit \$75 000	debit \$55 000	debit \$50 000	credit \$180 000