

- 5 A company has the following balances.

	\$
trade debtors at 31 December 2003	125 400
provision for doubtful debts at 1 January 2003	1 800

During the year ended 31 December 2003 bad debts of \$20 500 were written off. The company provides for 5 % of trade debtors at each year end.

What is the doubtful debts expense for the year ended 31 December 2003?

- A** \$3445 **B** \$4470 **C** \$5245 **D** \$6270

- 6 Of which concept is the writing off of a bad debt an example?

- A** going concern
B matching
C prudence
D substance over form

- 7 A company purchases machinery on hire purchase over four years but does not own the machinery until the final payment has been made.

At the end of year 1 the company shows the machinery in its Balance Sheet as a fixed asset and also records the liability for the amount still owed.

Which accounting principle is being applied?

- A** consistency
B materiality
C prudence
D substance over form

- 8 The table shows details relating to a company's banking transactions at 31 December.

	\$
balance at bank per bank statement	22 650
uncleared lodgements	3 110
unpresented cheques	6 290
bank credit recorded twice by bank in error	650

Which balance for cash at bank should appear in the Balance Sheet at 31 December?

- A** \$18 820 **B** \$20 120 **C** \$25 180 **D** \$26 480