**Question 1**

1. **Prepare** the General Journal entries necessary to close the revenue and expense accounts and to close Drawings to the Capital account. Memo 15 (Narrations are not required)

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|  | GENERAL LEDGER | | SUBSIDIARY LEDGER | |
|  | DEBIT | CREDIT | DEBIT | CREDIT |
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1. **Complete** theProfit & Loss Summary & Capital accounts as it would appear at June 30 2017.

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| P/L Summary | | | | | |
| Date | Cross Ref | $ | Date | Cross Ref | $ |
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| Capital | | | | | |
| Date | Cross Ref | $ | Date | Cross Ref | $ |
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1. **Explain** the function of the Profit and Loss Summary account.

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1. **Prepare** an Income Statement for the year ending 30 June 2017

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**Question 2**

1. Record invoice 1017 into the General Journal provided. A narration is not required.

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|  | GENERAL LEDGER | | SUBSIDIARY LEDGER | |
|  | DEBIT | CREDIT | DEBIT | CREDIT |
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1. Explain the difference between revenue and capital expenditures of a Non-Current Asset.

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1. Calculate the depreciation expense for vehicles for the 6 months ended 31 December 2017.

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1. Record the depreciation expense calculated above into the General Journal provided. A narration is required.

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|  | GENERAL LEDGER | | SUBSIDIARY LEDGER | |
|  | DEBIT | CREDIT | DEBIT | CREDIT |
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1. Post the General Journal entry to the relevant ledger accounts.

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| Depreciation expense - vehicle | | | | | |
| Date | Cross Ref | $ | Date | Cross Ref | $ |
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| Accumulated depreciation | | | | | |
| Date | Cross Ref | $ | Date | Cross Ref | $ |
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1. State and explain the Accounting Principle and Qualitative Characteristic supporting Depreciation.

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| Accounting Principle:  Qualitative Characteristic: |
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Question 3

1. Define Stability.

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1. Comment on the trend below of Yoyo Enterprise:

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|  | 2016 | 2017 |
| Gearing ratio | 35% | 50% |

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1. Provide two (2) reasons that could have caused the above trend in Gearing Ratio.

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