

ISBN: 978-3-8252-3128-6

Question Chapter B2**The Accounting equation reads:**

1. $\text{Equity} = \text{Assets} + \text{Liabilities}$
2. $\text{Liabilities} = \text{Assets} - \text{Equity}$
3. $\text{Assets} = \text{Equity} - \text{Liabilities}$
4. $\text{Assets} = \text{Assets} + \text{Equity} + \text{Liabilities}$

6.1
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Question Chapter B2**The Accounting equation reads:**

1. $\text{Equity} = \text{Assets} + \text{Liabilities}$
2. **$\text{Liabilities} = \text{Assets} - \text{Equity}$**
3. $\text{Assets} = \text{Equity} - \text{Liabilities}$
4. $\text{Assets} = \text{Assets} + \text{Equity} + \text{Liabilities}$

6.2
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Question Chapter B21

The Value added tax is 20 %. A company buys a machine at 300.00 EUR net amount on cash. The buyer is registered for VAT reduction. The bookkeeping entry is:

1. DR P, P, E ... 360.00 EUR, DR VAT ... 60.00 EUR, CR Cash/Bank ... 360.00 EUR
2. DR P, P, E ... 300.00 EUR, CR VAT ... 60.00 EUR, CR Cash/Bank ... 360.00 EUR
3. DR Cash/Bank ... 360.00 EUR, DR VAT ... 60.00 EUR, CR P, P, E ... 300.00 EUR
4. DR P, P, E ... 300.00 EUR, DR VAT ... 60.00 EUR, CR Cash/Bank ... 360.00 EUR

6.3
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Question Chapter B21

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1. DR P, P, E ... 360.00 EUR, DR VAT ... 60.00 EUR, CR Cash/Bank ... 360.00 EUR
2. DR P, P, E ... 300.00 EUR, CR VAT ... 60.00 EUR, CR Cash/Bank ... 360.00 EUR
3. DR Cash/Bank ... 360.00 EUR, DR VAT ... 60.00 EUR, CR P, P, E ... 300.00 EUR
4. DR P, P, E ... 300.00 EUR, DR VAT ... 60.00 EUR, CR Cash/Bank ... 360.00 EUR

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Question Chapter B29

The items below appear on the credit side of an adjusted trial balance:

1. Motor vehicle, inventory, accounts receivable
2. Provisions, income tax liabilities, accounts receivables
3. Provisions, issued capital, accounts payables
4. Share capital, reserves, sales revenue

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Question Chapter B29

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2. Provisions, income tax liabilities, accounts receivables
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Question Chapter B32

The company LANGEBAAN Ltd. sells goods at a net selling price of 3,000.00 EUR. The expenses are rent: 250.00 EUR, labour: 500.00 EUR, materials 600.00 EUR. Consider VAT for sales, rent and materials! All payments are on cash. How much is the cash flow?

1. 2,250.00 EUR
2. 1,480.00 EUR
3. 2,080.00 EUR
4. 1,650.00 EUR

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Question Chapter B32

The company LANGEBAAN Ltd. sells goods at a net selling price of 3,000.00 EUR. The expenses are rent: 250.00 EUR, labour: 500.00 EUR, materials 600.00 EUR. Consider VAT for sales, rent and materials! All payments are on cash. How much is the cash flow?

1. 2,250.00 EUR
2. 1,480.00 EUR
3. **2,080.00 EUR**
4. 1,650.00 EUR

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Question Chapter B30

The company BRUCKHOUSE Ltd. carries forward a profit of 75,000.00 EUR. In the actual Accounting period the pre-tax profit equals to 100.000.00 EUR. On the annual meeting the CEO declares a dividend of 50 % of the distributable amount. How much is the total of all gross dividends?

1. 72,500.00 EUR
2. 35,000.00 EUR
3. 87,500.00 EUR
4. 0.00 EUR

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1. **72,500.00 EUR**
2. 35,000.00 EUR
3. 87,500.00 EUR
4. 0.00 EUR

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Question Chapter B

The company DÜVELL Ltd. pays the annual insurance for the factory building that is amounting to 1,800.00 EUR. The payment takes place on 1.04. of every Accounting period which means they pay insurance one quarter in advance every period. The bookkeeping entry is:

1. DR Insurance ... 450.00 EUR, CR Cash/Bank ... 450.00 EUR
2. DR Insurance ... 1,800.00 EUR, CR Cash/Bank ... 1,800.00 EUR and DR Prepaid expenses ... 450.00 EUR, CR Insurance ... 450.00 EUR
3. DR Insurance ... 1,800.00 EUR, CR Cash/Bank ... 1,800.00 EUR and DR Prepaid expenses ... 300.00 EUR, CR Insurance ... 300.00 EUR
4. DR Insurance ... 1,800.00 EUR, CR Cash/Bank ... 1,800.00 EUR and DR Insurance ... 450.00 EUR , CR Prepaid expenses ... 450.00 EUR, DR Insurance ... 450.00 EUR

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Question Chapter B

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1. DR Insurance ... 450.00 EUR, CR Cash/Bank ... 450.00 EUR
2. **DR Insurance ... 1,800.00 EUR, CR Cash/Bank ... 1,800.00 EUR and DR Prepaid expenses ... 450.00 EUR, CR Insurance ... 450.00 EUR**
3. DR Insurance ... 1,800.00 EUR, CR Cash/Bank ... 1,800.00 EUR and DR Prepaid expenses ... 300.00 EUR, CR Insurance ... 300.00 EUR
4. DR Insurance ... 1,800.00 EUR, CR Cash/Bank ... 1,800.00 EUR and DR Insurance ... 450.00 EUR , CR Prepaid expenses ... 450.00 EUR, DR Insurance ... 450.00 EUR

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Question Chapter B

Which statement is correct?

1. The Trading Account's balancing figure is the net profit
2. The Trading Account compares the revenue and all expenses of the Accounting period
3. The Trading Account compares the sales and all expenses of the Accounting period
4. The Trading Account compares the revenue and all material expenses of the Accounting period

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Question Chapter B

Which statement is correct?

1. The Trading Account's balancing figure is the net profit
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3. The Trading Account compares the sales and all expenses of the Accounting period
4. **The Trading Account compares the revenue and all material expenses of the Accounting period**

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Question Chapter B

The company SPELLING Ltd. records an opening value of inventory of 300.00 EUR. The closing balance is amounting to 100.00 EUR. During the Accounting period there were two purchases, one for 1,000.00 EUR and the other one for 2,000.00 EUR. The revenue equals to 5,000.00 EUR. How much is the gross profit?

1. 1,200.00 EUR
2. 1,800.00 EUR
3. 2,200.00 EUR
4. 1,600.00 EUR

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Question Chapter B

The company SPELLING Ltd. records an opening value of inventory of 300.00 EUR. The closing balance is amounting to 100.00 EUR. During the Accounting period there were two purchases, one for 1,000.00 EUR and the other one for 2,000.00 EUR. The revenue equals to 5,000.00 EUR. How much is the gross profit?

1. 1,200.00 EUR
2. **1,800.00 EUR**
3. 2,200.00 EUR
4. 1,600.00 EUR

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Question Chapter B

The items disclosed on the debit side of the Trading Account are:

1. Opening value of finished goods, revenue, labour
2. Purchases, returns inwards, opening stock
3. Opening amount of inventories, labour, returns outwards
4. Closing stock of inventories, revenue, returns inwards

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Question Chapter B

The items disclosed on the debit side of the Trading Account are:

1. Opening value of finished goods, revenue, labour
- 2. Purchases, returns inwards, opening stock**
3. Opening amount of inventories, labour, returns outwards
4. Closing stock of inventories, revenue, returns inwards

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Question Chapter B

After a company disclosed prepaid rent for the next year the bookkeeping entry at the beginning of the next Accounting period would be:

1. DR Prepaid expenses, CR Rent
2. DR Prepaid expenses, DR VAT, CR Rent
3. DR Rent, CR Prepaid expenses
4. DR Rent, CR Prepaid expenses, CR VAT

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Question Chapter B

After a company disclosed prepaid rent for the next year the bookkeeping entry at the beginning of the next Accounting period would be:

1. DR Prepaid expenses, CR Rent
2. DR Prepaid expenses, DR VAT, CR Rent
- 3. DR Rent, CR Prepaid expenses**
4. DR Rent, CR Prepaid expenses, CR VAT

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Question Chapter B

Which standard of IFRSs rules depreciation and impairment loss:

1. IAS 14, IAS 36
2. IAS 16, IAS 36
3. IAS 16, IAS 38
4. IAS 14, IAS 38

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Question Chapter B

Which standard of IFRSs rules depreciation and impairment loss:

1. IAS 14, IAS 36
2. **IAS 16, IAS 36**
3. IAS 16, IAS 38
4. IAS 14, IAS 38

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Question Chapter B

Which statement is correct with regard to the cost of an item of property, plant, equipment?:

1. The cost of an item of property, plant and equipment comprises of the purchase price, less import duties, plus non-refundable purchase tax, less discounts, less rebates
2. The cost of an item of property, plant and equipment comprises of the purchase price, incl. import duties, plus non-refundable purchase tax, less discounts, less rebates
3. The cost of an item of property, plant and equipment comprises of the purchase price, incl. import duties, less non-refundable purchase tax, less discounts, less rebates
4. The cost of an item of property, plant and equipment comprises of the purchase price, incl. import duties, incl. non-refundable purchase tax, plus discounts, plus rebates

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Question Chapter B

Which statement is correct with regard to the cost of an item of property, plant, equipment?:

1. The cost of an item of property, plant and equipment comprises of the purchase price, less import duties, plus non-refundable purchase tax, less discounts, less rebates
2. **The cost of an item of property, plant and equipment comprises of the purchase price, incl. import duties, plus non-refundable purchase tax, less discounts, less rebates**
3. The cost of an item of property, plant and equipment comprises of the purchase price, incl. import duties, less non-refundable purchase tax, less discounts, less rebates
4. The cost of an item of property, plant and equipment comprises of the purchase price, incl. import duties, incl. non-refundable purchase tax, plus discounts, plus rebates

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Question Chapter B

The Realisation Account shows:

1. The net selling price on the credit side and the carrying amount of the sold asset on the debit side.
2. A profit on disposal on the credit side.
3. The output VAT on the credit side.
4. The gross selling price on the credit side, the output VAT on the debit side, the P, P, E amount on the debit side, the total of accumulated depreciation on the credit side and the total of accumulated impairment loss on the debit side.

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Question Chapter B

The Realisation Account shows?:

1. **The net selling price on the credit side and the carrying amount of the sold asset on the debit side.**
2. A profit on disposal on the credit side.
3. The output VAT on the credit side.
4. The gross selling price on the credit side, the output VAT on the debit side, the P, P, E amount on the debit side, the total of accumulated depreciation on the credit side and the total of accumulated impairment loss on the debit side.

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Question Chapter B

The reversal of an impairment loss ...

1. ... requires the disclosure of a revaluation reserve on the credit side of the balance sheet and a provision for deferred taxes on the debit side.
2. ... leaves always the Accumulated Impairment loss account balanced off.
3. ... requires the disclosure of a revaluation reserve on the credit side of the balance sheet and a provision for deferred taxes on the credit side.
4. ... recorded through the profit and loss account. The maximum amount is the carrying amount disclosed by regular depreciation.

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Question Chapter B

The reversal of an impairment loss is ...

1. ... requires the disclosure of a revaluation reserve on the credit side of the balance sheet and a provision for deferred taxes on the debit side.
2. ... leaves always the Accumulated Impairment loss account balanced off.
3. ... requires the disclosure of a revaluation reserve on the credit side of the balance sheet and a provision for deferred taxes on the credit side.
4. ... recorded through the profit and loss account. The maximum amount is the carrying amount disclosed by regular depreciation.

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Question Chapter B

The company ROTTKAMP (Pty) Ltd. buys a machine on 2.03.20X3 at 5,000.00 EUR net amount. The useful life is 5 years and depreciation is based on the declining method at 2%/m. How much is the carrying amount of the machine as at 31.12.20X4?

1. 2,800.00 EUR.
2. 3,205.85 EUR.
3. 3,000.00 EUR
4. 3,078.90 EUR.

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Question Chapter B

The company ROTTKAMP (Pty) Ltd. buys a machine on 2.03.20X3 at 5,000.00 EUR net amount. The useful life is 5 years and depreciation is based on the declining method at 2%/m. How much is the carrying amount of the machine as at 31.12.20X4?

1. 2,800.00 EUR.
2. **3,205.85 EUR.**
3. 3,000.00 EUR
4. 3,078.90 EUR.

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Question Chapter A7

The book value of a company is ...

1. ... the price at which willing and knowledgeable parties in an arm's length transaction would exchange the company.
2. ... the total of its equity as disclosed on the statement of financial position.
3. ... the price of all shares together as traded at a stock exchange.
4. ... its value in use.

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Question Chapter A7

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3. ... the price of all shares together as traded at a stock exchange.
4. ... its value in use.

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Question Chapter A7

The company SCHELLER (Pty) Ltd. buys a CNC machine at a gross purchase price of 36,000.00 EUR on 1.01.20X2. It's useful life is 6 years, depreciation is a long straight line method without a consideration of a salvage value. On the 1.01.20X4 the machine is damaged by an accident. The impairment loss is 10,000.00 EUR. The adjusted depreciation for 20X4 is...

1. zero.
2. 3,500.00 EUR.
3. 2,500.00 EUR.
4. 5,000.00 EUR.

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Question Chapter A7

The company SCHELLER (Pty) Ltd. buys a CNC machine at a gross purchase price of 36,000.00 EUR on 1.01.20X2. It's useful life is 6 years, depreciation is a long straight line method without a consideration of a salvage value. On the 1.01.20X4 the machine is damaged by an accident. The impairment loss is 10,000.00 EUR. The adjusted depreciation for 20X4 is...

1. zero.
2. 3,500.00 EUR.
3. **2,500.00 EUR.**
4. 5,000.00 EUR.

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Question Chapter A8

Which standards rule consolidated and separate financial statements?

1. IAS 28, IFRS 3, IFRS 10; IFRS 11.
2. IAS 38, IFRS 3, IFRS 10, IFRS 12.
3. IAS 27, IFRS 3, IFRS 10, IFRS 11.
4. IAS 27, IFRS 9, IFRS 10, IFRS 12.

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Question Chapter A8

Which standards rule consolidated and separate financial statements?

1. IAS 28, IFRS 3, IFRS 10; IFRS 11.
2. IAS 38, IFRS 3, IFRS 10, IFRS 12.
3. **IAS 27, IFRS 3, IFRS 10, IFRS 11.**
4. IAS 27, IFRS 9, IFRS 10, IFRS 12.

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Question Chapter A8

ROBERTSON Ltd. buys 210 shares of WOCESTER Ltd. which is based on 300 shares at 10.00 EUR. At the time of acquisition the Retained Earnings Account is 1,000.00 EUR. The costs of the investment are 2,900.00 EUR. How much is the goodwill?

1. nil.
2. 100.00 EUR.
3. 200.00 EUR.
4. (120.00 EUR)

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Question Chapter A8

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1. nil.
2. **100.00 EUR.**
3. 200.00 EUR.
4. (120.00 EUR)

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Question Chapter A8

LOUWRY Ltd. buys 550 shares of SOMERSET Ltd. which is based on 1,000 shares at 5.00 EUR. At the time of acquisition the Retained Earnings Account is 1,500.00 EUR. At the beginning of the fiscal year the opening balance for SOMERSET Ltd.'s Retained Earnings account is 5,000.00 EUR? How much is the non-controlling interest to be disclosed on the consolidated balance sheet?

1. 5,175.00 EUR.
2. 5,000.00 EUR.
3. 6,325.00 EUR.
4. 4,500.00 EUR.

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Question Chapter A8

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1. 5,175.00 EUR.
2. 5,000.00 EUR.
3. 6,325.00 EUR.
4. **4,500.00 EUR.**

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Question Chapter A8**Which statement is correct?**

1. An investment in an associate is one that is below 20 % of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 28.
2. An investment in an associate is one that is more than 20 % of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 28.
3. An investment in an associate is one that is more than 20% of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 27.
4. An investment in an associate is one that is more than 25% of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 27.

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Question Chapter A8**Which statement is correct?**

1. An investment in an associate is one that is below 25% of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 28.
2. **An investment in an associate is one that is more than 20 % of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 28.**
3. An investment in an associate is one that is more than 20% of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 27.
4. An investment in an associate is one that is more than 25% of ownership and is initially disclosed at cost. The subsequent valuation is based on the equity method along IAS 27.

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Question Chapter A8

On 1.01.20X2, YSTERPLAAT Ltd. buys 50 shares of CHATSWORTH Ltd. which is based on 200 ordinary shares at 10.00 EUR/s. The cost of acquisition is 500.00 EUR. At the time of acquisition the Retained Earnings Account of CHATSWORTH Ltd. is nil. On 31.12.20X7, the closing balance of YSTERPLAAT Ltd.'s Retained Earnings Account is 2,000.00 EUR and of CHATSWORTH Ltd.'s one 1,000.00 EUR? What is the disclosure of the investment in CHATSWORTH Ltd. on YSTERPLAAT Ltd.'s single entity statement of financial position?

1. 1,250.00 EUR.
2. 1,000.00 EUR.
3. 750.00 EUR.
4. 500.00 EUR.

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Question Chapter A8

On 1.01.20X2, YSTERPLAAT Ltd. buys 50 shares of CHATSWORTH Ltd. which is based on 200 ordinary shares at 10.00 EUR/s. The cost of acquisition is 500.00 EUR. At the time of acquisition the Retained Earnings Account of CHATSWORTH Ltd. is nil. On 31.12.20X7, the closing balance of YSTERPLAAT Ltd.'s Retained Earnings Account is 2,000.00 EUR and of CHATSWORTH Ltd.'s one 1,000.00 EUR? What is the disclosure of the investment in CHATSWORTH Ltd.'s single entity statement of financial position?

1. 1,250.00 EUR.
2. 1,000.00 EUR.
3. **750.00 EUR.**
4. 500.00 EUR.

6.44
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Question Chapter A8

On 1.01.20X2, ATLANTIS (Pty) Ltd. buys 60 % of the shares of PHILIADELPHIA Ltd. The opening balance of PHILIADELPHIA Ltd.'s Retained Earnings Account is 1,000.00 EUR. The subsidiary declares a dividend of 600.00 EUR. The closing balance of the Retained Earnings Account (after appropriation of profits) is 1,500.00 EUR on the single entity financial statements. How much is the increase of PHILIADELPHIA Ltd.'s equity due to profit/dividend on the consolidated financial statements?

1. 660.00 EUR.
2. 200.00 EUR.
3. 360.00 EUR.
4. 900.00 EUR.

6.45
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Question Chapter A8

On 1.01.20X2, ATLANTIS (Pty) Ltd. buys 60 % of the shares of PHILIADELPHIA Ltd. The opening balance of PHILIADELPHIA Ltd.'s Retained Earnings Account is 1,000.00 EUR. The subsidiary declares a dividend of 600.00 EUR. The closing balance of the Retained Earnings Account (after appropriation of profits) is 1,500.00 EUR on the single entity financial statements. How much is the increase of PHILIADELPHIA Ltd.'s equity due to profit/dividend on the consolidated financial statements?

1. 660.00 EUR.
2. **200.00 EUR.**
3. 360.00 EUR.
4. 900.00 EUR.

6.46
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Question Chapter A9

On 1.01.20X5, GIEVENBECK (Pty) Ltd., a dealer for machinery parts, buys 400 gear boxes at cost of acquisition of 120.00 EUR/p each. During the Accounting period 20X5, the gear boxes lose in value and are available at 96.00 EUR/p now. The price, GIEVENBECK (Pty) Ltd. can sell them also drops to 117.00 EUR/p. What is the Bookkeeping entry to revalue the gear boxes as at 31.12.20X5, when there are still 100 gear boxes on stock?

1. DR Loss on Valuation ... 300.00 EUR; CR Inventories ... 300.00 EUR.
2. DR Loss on Valuation ... 2,400.00 EUR; CR Inventories ... 2,400.00 EUR.
3. DR Loss on Valuation ... 2,700.00 EUR; CR Inventories 2,700.00 EUR.
4. DR Loss on Valuation ... 4,800.00 EUR; CR Inventories ... 4,800.00 EUR.

6.47
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Question Chapter A9

On 1.01.20X5, GIEVENBECK (Pty) Ltd., a dealer for machinery parts, buys 400 gear boxes at cost of acquisition of 120.00 EUR/p each. During the Accounting period 20X5, the gear boxes lose in value and are available at 96.00 EUR/p now. The price, GIEVENBECK (Pty) Ltd. can sell them also drops to 117.00 EUR/p. What is the Bookkeeping entry to revalue the gear boxes as at 31.12.20X5, when there are still 100 gear boxes on stock?

1. **DR Loss on Valuation ... 300.00 EUR; CR Inventories ... 300.00 EUR.**
2. DR Loss on Valuation ... 2,400.00 EUR; CR Inventories ... 2,400.00 EUR.
3. DR Loss on Valuation ... 2,700.00 EUR; CR Inventories 2,700.00 EUR.
4. DR Loss on Valuation ... 4,800.00 EUR; CR Inventories ... 4,800.00 EUR.

6.48
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Question Chapter A9

What Bookkeeping entry does not match with an perpetual inventory movement system?

1. DR Work-in-Process...; CR Inventories...
2. DR Inventories ...; CR Purchase...
3. DR Trading Account ...; CR Purchase ...
4. DR Cost of Sales ...; CR Inventories.

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Accounting


Question Chapter A9

What Bookkeeping entry does not match with an perpetual inventory movement system?

1. DR Work-in-Process...; CR Inventories...
2. DR Inventories ...; CR Purchase...
3. **DR Trading Account ...; CR Purchase ...**
4. DR Cost of Sales ...; CR Inventories.

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Accounting



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Question Chapter A9**What statement is correct?**

1. In a Job Order Costing system, the overhead application gives a Bookkeeping entry DR Manufacturing Overheads account, CR Work-in-Process account
2. In a Process Costing system, direct costs and applied overheads are recorded on the credit side of the Work-in-Process Account.
3. In a Process Costing system, all overheads are allocated to the Work-in-Process account and transferred from one cost centre to the next one based on the sequence of operations.
4. In a Job Order Costing system, direct costs and applied manufacturing overheads are recorded on the debit side of the Work-in-Process Account.

6.51
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Question Chapter A9**What statement is correct?**

1. In a Job Order Costing system, the overhead application gives a Bookkeeping entry DR Manufacturing Overheads account, CR Work-in-Process account
2. In a Process Costing system, direct costs and applied overheads are recorded on the credit side of the Work-in-Process Account.
3. In a Process Costing system, all overheads are allocated to the Work-in-Process account and transferred from one cost centre to the next one based on the sequence of operations.
4. **In a Job Order Costing system, direct costs and applied manufacturing overheads are recorded on the debit side of the Work-in-Process Account.**

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Question Chapter A9

HOHENHOLTE GmbH records 500 wheels at the beginning of the Accounting period 20X2 at 5.00 EUR/p. It releases 200 wheels from stock on 3.02.20X2. On 1.04. the company buys 500 further wheels at 6.00 EUR cost of purchase. It releases 200 wheels on 4.04.20X2. How much is the stock value as at 30.04.20X2 if the company applies a first-in-first-out formula?

1. 3,000.00 EUR
2. 3,500.00 EUR
3. 3,600.00 EUR
4. 3,300.00 EUR.

6.53
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Question Chapter A9

HOHENHOLTE GmbH records 500 wheels at the beginning of the Accounting period 20X2 at 5.00 EUR/p. It releases 200 wheels from stock on 3.02.20X2. On 1.04. the company buys 500 further wheels at 6.00 EUR cost of purchase. It releases 200 wheels on 4.04.20X2. How much is the stock value as at 30.04.20X2 if the company applies a first-in-first-out formula?

1. 3,000.00 EUR
2. **3,500.00 EUR**
3. 3,600.00 EUR
4. 3,300.00 EUR.

6.54
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Question Chapter A9**Which statement is wrong?**

1. In a Job Order Costing system over-applied overheads are recorded on the credit side of the Cost of Sales account.
2. In a Job Order Costing system over-applied overheads are recorded on the debit side of the Cost of Sales account.
3. In a Job Order Costing system under-applied overheads are recorded on the debit side of the Cost of Sales account.
4. In a Job Order Costing system non-manufacturing overheads are recorded on the debit side of the Profit and Loss account.

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Question Chapter A9**Which statement is wrong?**

1. In a Job Order Costing system over-applied overheads are recorded on the credit side of the Cost of Sales account.
2. **In a Job Order Costing system over-applied overheads are recorded on the debit side of the Cost of Sales account.**
3. In a Job Order Costing system under-applied overheads are recorded on the debit side of the Cost of Sales account.
4. In a Job Order Costing system non-manufacturing overheads are recorded on the debit side of the Profit and Loss account.

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