

- 1 When is it necessary to distinguish between revenue and capital expenditure?
- A** when preparing cash budgets
- B** when preparing investment appraisal calculations
- C** when preparing profit and loss accounts
- D** when preparing purchase ledger control accounts
- 2 Rent is paid by a business monthly in advance on the first day of each month. The payments during this financial year have been as follows:

- up to and including 1 June \$500 per month
- from 1 July thereafter \$600 per month

Which amount(s) will appear in the accounts for the year ended 31 October?

	profit and loss expense	balance sheet
A	\$6400	\$600 prepayment
B	\$6400	\$600 accrual
C	\$6400	-
D	\$7000	-

- 3 The table gives information relating to the fixed assets of a business.

	\$
net book value at the end of the year	25 000
net book value at the beginning of the year	16 000
depreciation charge for the year	5 000
additions at cost during the year	22 000

What is the net book value of disposals during the year?

- A** \$8000 **B** \$11 000 **C** \$18 000 **D** \$22 000