

1 Which item should be treated as capital expenditure?

- A cost of carriage on the purchase of a fixed asset
- B cost of replacement of part of a fixed asset
- C depreciation of a fixed asset
- D repairs to a fixed asset

2 A loan due for repayment in 20 months' time has been included as a current liability.

What will be the effect when this is corrected?

- A increase net assets
- B increase net current assets
- C no effect on net current assets
- D reduce net current assets

3 An item of machinery cost \$60 000. The machinery was later sold for \$8000 and the loss on disposal was \$3000.

What was the accumulated depreciation on the machinery on disposal?

- A \$46 000      B \$49 000      C \$52 000      D \$55 000

4 Interest receivable account shows interest of \$17 500 received during the year. Interest of \$1600 is due at the year-end.

How will this be shown in the final accounts?

|   | profit and loss<br>account | \$     | balance sheet    | \$   |
|---|----------------------------|--------|------------------|------|
| A | credit                     | 17 500 | sundry debtors   | 1600 |
| B | credit                     | 19 100 | sundry debtors   | 1600 |
| C | debit                      | 17 500 | sundry creditors | 1600 |
| D | debit                      | 19 100 | sundry creditors | 1600 |