

- 12** June purchased a new machine. She depreciated it at a rate of 40% a year on the reducing balance basis. After two years its net book value was \$3600.

What was the purchase price?

- A** \$8400                      **B** \$10 000                      **C** \$14 400                      **D** \$22 500

- 13** Which basis should be used to calculate the amount of advertising to be charged to a store with two departments?

- A** area of floor space  
**B** cost of non-current assets  
**C** number of sales staff  
**D** value of sales revenue

- 14** The following information relates to the motor vehicles of a business.

	1 January 2013 \$	31 December 2013 \$
net book value	398 000	480 000

During 2013 the following occurred.

- 1 Additional motor vehicles costing \$195 000 were purchased.
- 2 A motor vehicle (original cost \$80 000) was sold for \$24 000 at a profit of \$2000.

What was the depreciation charge for 2013?

- A** \$87 000                      **B** \$89 000                      **C** \$91 000                      **D** \$113 000

- 15** Fred and Perry are in business sharing profits and losses in the ratio 3 : 1.

Fred's capital account balance is \$90 000 and Perry's is \$60 000.

Bill is introduced as a new partner and invests \$50 000 as capital.

Goodwill is valued at \$20 000 and is not to be retained in the books of account.

The new profit sharing ratio will be 2 : 2 : 1.

What is the capital account balance of Fred after making the goodwill adjustments?

- A** \$5700                      **B** \$83 000                      **C** \$97 000                      **D** \$105 000