

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 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