

- 11** A company uses the straight line method of depreciation for all its fixed assets. On 1 January, the company bought machinery on hire purchase. The cash price was \$115 000 and the interest for the year is \$19 550. The estimated useful life of the machinery is five years with no residual value.

What is the charge for depreciation for the year ended 31 December?

- A** \$19 090 **B** \$23 000 **C** \$26 910 **D** \$42 550

- 12** A business sells some of its stock for \$80 on credit to a customer. The stock originally cost \$50.

Which statement actually reflects the effect of this transaction on the Balance Sheet?

	current assets	owner's capital
A	decrease by \$30	decreases by \$30
B	decrease by \$30	increases by \$30
C	increase by \$30	increases by \$30
D	increase by \$30	decreases by \$30

- 13** The following items appear in the accounts of a manufacturing business.

1	purchase of raw materials
2	purchase of finished goods
3	carriage inwards
4	carriage outwards

Which items will be included in the Manufacturing account?

- A** 1 and 2 **B** 1 and 3 **C** 1, 2 and 3 **D** 1, 3 and 4