

- 1 Which item should be treated as capital expenditure?
- A the cost of a printer for an existing computer system
 - B repair costs to a car which are not covered by insurance
 - C rent paid on a factory, whilst the company negotiated the purchase of the factory
 - D the replacement of a wooden fence with a new fence
- 2 A trader depreciates fixtures and fittings at the rate of 10% a year on cost. On 1 January 2014 a purchase of new fixtures and fittings, \$5000, was posted to the advertising account in error.

What was the effect of this error on the trader's capital account on 31 December 2014?

- A overstated \$4500
- B overstated \$5000
- C understated \$4500
- D understated \$5000

- 3 Non-current assets of a company were as follows.

	start of year \$	end of year \$
at cost	460 000	505 000
accumulated depreciation	215 000	237 000
net book value	245 000	268 000

During the year non-current assets costing \$92 000 were purchased and non-current assets with a net book value of \$16 000 were sold.

What was the depreciation charge for the year?

- A \$22 000 B \$23 000 C \$53 000 D \$69 000