

- 1 When is it necessary to distinguish between revenue and capital expenditure?
- A when preparing cash budgets
 - B when preparing investment appraisal calculations
 - C when preparing profit and loss accounts
 - D when preparing purchase ledger control accounts
- 2 Rent is paid by a business monthly in advance on the first day of each month. The payments during this financial year have been as follows:

- up to and including 1 June \$500 per month
- from 1 July thereafter \$600 per month

Which amount(s) will appear in the accounts for the year ended 31 October?

| | profit and loss expense | balance sheet |
|---|-------------------------|------------------|
| A | \$6400 | \$600 prepayment |
| B | \$6400 | \$600 accrual |
| C | \$6400 | - |
| D | \$7000 | - |

- 3 The table gives information relating to the fixed assets of a business.

| | \$ |
|---|--------|
| net book value at the end of the year | 25 000 |
| net book value at the beginning of the year | 16 000 |
| depreciation charge for the year | 5 000 |
| additions at cost during the year | 22 000 |

What is the net book value of disposals during the year?

- A \$8000
- B \$11 000
- C \$18 000
- D \$22 000