

**15** Why is a provision for depreciation made in accounts?

- A** to charge the cost of fixed assets against profits
- B** to make a provision for repairs
- C** to make cash available to replace fixed assets when necessary
- D** to show the current market values of fixed assets

**16** A building cost \$340 000 several years ago. At 30 June 2004 the accumulated depreciation on the building was \$47 600 and it was decided to revalue the building to its market value of \$560 000.

What will be the balance on the Revaluation Reserve?

- A** \$172 400      **B** \$220 000      **C** \$267 600      **D** \$512 400

**17** X and Y are sole traders. On 1 October 2004 they agreed to form a partnership which would take over the assets of the separate businesses.

At 30 September 2004 the following information was available:

	X \$	Y \$
Goodwill	15 000	12 000
machinery	25 000	18 000
stock and debtors	8 000	3 000
cash at bank / (overdraft)	10 000	(4 000)

What was the total of the tangible assets taken over by the partnership?

- A** \$60 000      **B** \$64 000      **C** \$87 000      **D** \$91 000