

- 1 The personal spending of the owner of a business is **not** recognised as a business expense.

Which accounting concept is being applied?

- A business entity
- B consistency
- C money measurement
- D prudence

- 2 A business purchased a shop and incurred the following costs.

	\$
purchase price of the shop	680 000
legal fees incurred in the purchase of the shop	7 200
cost of initial inventory	12 500
cost of installing air conditioning	47 300

Which amount was capital expenditure?

- A \$680 000      B \$687 200      C \$734 500      D \$747 000

- 3 Why is a non-current asset depreciated?

- A to allocate its cost over its useful life
- B to measure its decline in market value
- C to measure its physical deterioration
- D to recognise the cash outflow from the use of it

- 4 The following information is available in respect of a trader's non-current assets.

	\$
accumulated depreciation at 31 May 2015	40 000
depreciation charge for the year ended 31 May 2016	9 000
accumulated depreciation at 31 May 2016	46 000

During the year ended 31 May 2016 a non-current asset which had cost \$10 000 was sold. There was a loss on disposal of \$1200.

What were the sale proceeds of the non-current asset sold?

- A \$5800      B \$7000      C \$8200      D \$8800