

8 An item of capital expenditure has been incorrectly treated as revenue expenditure in the financial statements of a business.

What is the effect of this error on the financial statements of the business?

	assets	profit
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

9 A company pays or receives the following amounts on the last day of its financial year.

	\$
deposit paid to a supplier	6500
rental income received in advance	8000
loan repayment	3000
payment for last month’s sales commission	900

Which of these amounts will be included as other receivables in the statement of financial position?

- A \$6500 B \$14 500 C \$17 500 D \$18 400

10 A sole trader provides the following information.

	start of year \$	end of year \$
total assets	100 000	135 000
total liabilities excluding owner’s capital	(35 000)	(40 000)

During the year the owner took drawings of \$18 000.

What was the profit for the year?

- A \$12 000 B \$30 000 C \$35 000 D \$48 000