2 Jakoub owns a restaurant. The business's financial year end is 31 December.

The business owns many small items of kitchen equipment. The following information is available.

1. On 1 January 2022 kitchen equipment was valued at $3450.
2. Additional kitchen equipment was purchased for cash, $1680, during the year ended 31 December 2022.
3. On 31 December 2022 kitchen equipment was valued at $3950.

REQUIRED

(a) Prepare the kitchen equipment account for the year ended 31 December 2022.

Kitchen equipment

		$			$

[4]

(b) State **two** reasons why the reducing balance method of depreciation might be chosen by a business for depreciating non-current assets.

1 ....

....

2 ....

....

[2]

Additional information

On 1 January 2022, a new delivery vehicle was purchased in part exchange for the business's old delivery vehicle. A payment of $22 500 was made. The old delivery vehicle had originally cost $24 000 when it was purchased on 1 January 2020. The old delivery vehicle was part exchanged at net book value.

Delivery vehicles are depreciated by 25% per annum using the reducing balance method of depreciation.

REQUIRED

(c) Prepare a journal entry to record the charge for depreciation of vehicles for the year ended 31 December 2022. A narrative is **not** required.

Journal

	Dr $	Cr $

Workings:

[5]

(d) Define **each** of the following terms:

(i) capital expenditure

....

.... [1]

(ii) capital receipts.

....

.... [1]

Additional information

Jakoub is preparing his business's financial statements for the year ended 31 December 2022. The following additional information is available.

Payments	$
Purchase of new ovens	5600
Installation costs for new ovens	400
Repairs to electrical equipment	2600
Maintenance of computer equipment	300
Extension to restaurant	85000
Decoration of restaurant extension	3200

Receipts	$
Bank loan	25000
Additional capital provided by Jakoub	40000
Proceeds from the disposal of unwanted furniture	2800

REQUIRED

(e) Calculate the total amount for **each** of the following:

(i) capital expenditure

....

.... [1]

(ii) capital receipts.

....

.... [1]