

5 Which costs may be capitalised as land and buildings?

- 1 construction cost of an extension
- 2 insurance premium
- 3 legal fees on purchase
- 4 redecoration costs

A 1 and 2 **B** 1 and 3 **C** 2 and 4 **D** 3 and 4

6 A business had current assets and current liabilities as follows.

	\$
inventories	1600
trade receivables	3200
trade payables	2700
rent receivable	800

A fire destroyed the inventories, but 75% of the loss is covered by an agreed insurance claim.

What are the net current assets after the fire?

A \$900 **B** \$1300 **C** \$2500 **D** \$2900

7 The accounting year end for a company is 31 October.

The table shows the company's telephone bill received on 2 December for the three months ended 30 November.

	\$
telephone calls to 30 November	1041
rental of equipment for the period from 1 September to 30 November	156

Which accrual should the company make in the financial statements for the year ended 31 October?

A \$503 **B** \$798 **C** \$1093 **D** \$1197