

- 12** A company's capital expenditure of \$200 000 has been debited in error to the purchases account.

Depreciation is provided at the rate of 15 % per annum on the cost of all fixed assets held at each year end.

How will this affect the net profit?

- A** \$170 000 understated
  - B** \$200 000 overstated
  - C** \$200 000 understated
  - D** \$230 000 overstated
- 13** A business sells some of its stock for \$80 on credit to a customer. The stock originally cost \$50.

Which statement reflects the effect of this transaction on the balance sheet?

	current assets	owner's capital
<b>A</b>	decrease by \$30	decreases by \$30
<b>B</b>	decrease by \$30	increases by \$30
<b>C</b>	increase by \$30	decreases by \$30
<b>D</b>	increase by \$30	increases by \$30

- 14** Which transaction would appear in **both** the receipts and payments account and the income and expenditure account of a cricket club?

- A** the club bank balance
- B** the depreciation of the club pavilion
- C** the purchase of a motorised lawn mower
- D** the rent of the cricket ground

- 15** The stock records of a business show the following information for product X.

		amount in units	cost per unit \$
1 January	opening balance	100	3
3 January	receipts into stock	50	4
8 January	stock issued	120	-

What is the value of the stock issued on 8 January using the First In First Out (FIFO) method?

- A** \$360
- B** \$380
- C** \$410
- D** \$420