BLOG WORK SHEET FOR CLASS 10-T FOR SEPTEMBER-2019

ACCOUNTING 7707

Q#1a. Differentiate between Capital and Revenue expenditure

Q#1b. Allocate the following between capital and revenue expenditure, giving reasons

1. Purchase of new vehicle
2. Fuel of vehicles
3. New tyres for vehicles
4. Vehicle insurance
5. Radio equipment fitted to vehicle.
6. A new cash register
7. The electricity bill
8. Fire insurance premium on the premises
9. A new show case for the shop
10. New light fittings
11. Repairs to the shop blind

Q#2. On 1 January 19-1, F. Smith bought a small machine costing $ 8000. Its working life is estimated to be four years and it is estimated that at the end of that time its residual value will be$ 2000.

1. Using Straight line method prepare a table showing depreciation expense, accumulated depreciation and book value of the asset at the end of each year;
2. Using reducing balance method prepare a table showing depreciation expense, accumulated depreciation and book value of the asset at the end of each year. (Rate of depreciation 20% p.a.)