

- 1 A vehicle cost \$30 000. The vehicle was later sold for \$9000 and the profit on disposal was \$1500.

What was the accumulated depreciation of the vehicle on disposal?

- A** \$7500 **B** \$9000 **C** \$21 000 **D** \$22 500

- 2 A transport business owned by a sole proprietor purchases a motor vehicle. This is charged to the Motor expenses account.

What are the effects of this on the end-of-year balance sheet?

- A** fixed assets understated current assets understated
B fixed assets overstated current assets overstated
C fixed assets overstated capital account overstated
D fixed assets understated capital account understated

- 3 A business buys a computer for \$2200 on 1 January 2007. The computer will be used for four years, after which time it will be sold for \$280. The business uses the straight-line method of depreciation.

What is the depreciation charge for the year ended 31 December 2008?

- A** \$480 **B** \$550 **C** \$960 **D** \$1100

- 4 The following information is taken from the stationery account of a business.

	\$
stock of stationery at beginning of the year	600
cash paid for stationery during the year	7000
amount owing for stationery at end of year	480
stock of stationery at end of year	800

How much should be debited to the profit and loss account for stationery?

- A** \$6680 **B** \$6800 **C** \$7280 **D** \$8080

- 5 Development costs are capitalised.

Which accounting principle is being applied?

- A** business entity
B historic cost
C matching
D materiality