

- 1 Which accounting concept is being applied when goods taken by an owner for own use are treated as drawings?
- A business entity
 - B materiality
 - C realisation
 - D substance over form

- 2 Why is an expense for depreciation included in the financial statements?
- A to charge the wear and tear on non-current assets against profits
 - B to make cash available to replace non-current assets
 - C to set cash aside for future repairs of non-current assets
 - D to show the current market values of non-current assets

- 3 A company incurred the following expenditures on a motor van.

		\$
year 1	purchase of motor van	80 000
year 2	purchase of new tyres	2 000
year 2	purchase of trailer attached to the motor van	10 000

Depreciation to all vehicles is 20% on cost. A full year's depreciation is charged in the year of purchase.

What was the depreciation charge on vehicles for year 2?

- A \$16 000 B \$16 400 C \$18 000 D \$18 400

- 4 Which items will be debited to accounts in the purchases ledger?

- 1 discount allowed
- 2 payments to suppliers
- 3 purchases
- 4 purchases returns

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