

- 1 The inclusion of unpaid loan interest in financial statements is in accordance with which accounting concept?
- A consistency
 - B going concern
 - C matching
 - D money measurement

- 2 What is depreciation?
- A a means of allocating the cost of a non-current asset over its useful life
 - B a measure of the decrease in market value of a non-current asset
 - C an outflow of cash from the use of a non-current asset
 - D the expense spent on the non-current asset

- 3 A trader depreciates fixtures and fittings at the rate of 10% per annum on cost. On 1 January 2019 a purchase of new fixtures and fittings, \$5000, was posted to the advertising account in error.

What was the effect of this error on the trader's capital account on 31 December 2019?

- A overstated \$4500
 - B overstated \$5000
 - C understated \$4500
 - D understated \$5000
- 4 A company had a non-current asset which cost \$370 000. The asset had a 10-year useful life and an estimated residual value of \$20 000. A full year's charge for depreciation is made in every year of use.

After four years the asset was sold. The loss on disposal was \$30 000 and disposal costs were \$10 000.

What were the sale proceeds?

- A \$192 000
 - B \$200 000
 - C \$202 000
 - D \$210 000
- 5 Which item is recorded on the debit side of a sales ledger control account?
- A interest charged on overdue accounts of customers
 - B irrecoverable debts written off
 - C returns of goods supplied to credit customers
 - D total of cash sales