1 Which accounting treatments illustrate the use of the matching concept?

1 comparing the receipts and payments in the cash book to obtain the balance of inventory at net realisable value rather than cost

2 using the FIFO method of inventory valuation each year

3 charging depreciation on non-current assets

A 1, 2 and 3 **B** 1 and 3 only **C** 2 only **D** 3 only

2 Which item should be treated as capital expenditure?

A cost of carriage on the purchase of a non-current asset

B cost of replacement of part of a non-current asset

C depreciation of a non-current asset

D repairs to a non-current asset

3 During the year ended 31 December 2012 a business purchased a vehicle for $23 500. On 30 September 2015 it was sold for $3500. Depreciation was charged at 20% per annum using the straight line method. A full year's depreciation was charged in the year of purchase **and** the year of disposal.

What was the profit or loss on disposal of the vehicle?

A $1200 loss

B $1200 profit

C $5900 loss

D $5900 profit

4 Why is a sales ledger control account used?

1 to control discounts received

2 to ensure credit customers pay promptly

3 to provide a trial balance figure for trade receivables

A 1 and 2 **B** 1 only **C** 2 and 3 **D** 3 only