

**1** Which concept is identified by the accounting equation  $\text{assets} = \text{capital} + \text{liabilities}$ ?

- A** business entity
- B** duality
- C** going concern
- D** realisation

**2** What are causes of depreciation on non-current assets?

- 1 change in its cost of repair
- 2 change in its market value
- 3 changes in technology

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

**3** June purchased a new machine. She depreciated it at a rate of 40% per annum using the reducing balance method. After two years its net book value was \$3600.

What was the purchase price of the machine?

- A** \$7056      **B** \$9216      **C** \$10 000      **D** \$22 500

**4** The following information relates to the motor vehicles of a business.

	1 January 2018 \$	31 December 2018 \$
net book value	398 000	480 000

During 2018 the following occurred.

- 1 Additional motor vehicles costing \$195 000 were purchased.
- 2 A motor vehicle (original cost \$80 000) was sold for \$24 000 at a profit of \$2000.

What was the depreciation charge for 2018?

- A** \$87 000      **B** \$89 000      **C** \$91 000      **D** \$113 000