

- 1 A business has a practice of **not** conducting a physical count of unused stationery at the year end.

Which accounting concept has been applied for this practice?

- A matching
- B materiality
- C money measurement
- D prudence

- 2 Why is depreciation provided on non-current assets?

- 1 to ensure funds are available to replace the item
- 2 to ensure the profits of the business are not overstated
- 3 to match the cost of the asset with the revenue it earns

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

- 3 The net book value of motor vehicles of a business was as follows:

	31 December 2017	31 December 2018
motor vehicles	\$238 000	\$243 000

During the year ended 31 December 2018, a new motor vehicle was purchased for \$47 000. A motor vehicle costing \$53 000 with accumulated depreciation \$31 000 was sold for \$7 000.

What was the depreciation charge for motor vehicles for the year ended 31 December 2018?

- A \$11 000      B \$20 000      C \$35 000      D \$42 000

- 4 A business with a year-end of 31 December purchased a motor vehicle on 1 January 2015 for \$24 000. The estimated useful life of the motor vehicle was four years and the estimated residual value at the end of four years was \$8 000.

The business depreciates motor vehicles at 25% per annum using the reducing balance method. No depreciation is charged in the year of disposal.

The motor vehicle was sold on 31 July 2018 for \$12 000.

What was the profit on the sale of the motor vehicle?

- A \$1875      B \$4000      C \$5250      D \$6000