

- 5 A business obtained a machine by means of a hire purchase agreement. It showed the machine in its balance sheet at the cash price of \$30 000 although only \$10 000 has been repaid.

Which accounting principle is involved?

- A accruals
- B materiality
- C prudence
- D substance over form

- 6 The table shows information from the books of a business at 30 April 2010.

details	\$
credit sales invoiced during financial year	79 000
goods sent to customers on 28 April 2010 and invoiced 4 May 2010	6 100
goods sent to customers during April 2010 on sale or return basis but not sold by 30 April 2010	8 300

What is the amount of sales for the year ended 30 April 2010?

- A \$76 800      B \$85 100      C \$85 300      D \$93 400

- 7 Which item will be entered in a purchase ledger control account?

- A discount allowed
- B discount received
- C prepaid rent
- D returns inwards

- 8 The total of the list of individual balances in the purchase ledger does not agree with the balance on the purchase ledger control account.

When listing the individual suppliers' accounts a credit balance had been shown as a debit balance.

What is needed to correct the mistake on the total of the purchase ledger balances?

- A decrease by the amount of the credit balance
- B decrease by twice the amount of the credit balance
- C increase by the amount of the credit balance
- D increase by twice the amount of the credit balance