

- 1 A company does not include in the financial statements the value of skills gained by its employees from training programmes.

Which accounting concept is being applied?

- A consistency
- B materiality
- C money measurement
- D substance over form

- 2 Which non-current asset is most likely to be depreciated using the revaluation method?

- A loose tools
- B motor vehicles
- C office equipment
- D plant and machinery

- 3 A trader purchased a motor vehicle costing \$36 000 on 1 July 2016. The estimated useful life of the motor vehicle was five years and the estimated residual value was \$6000. Depreciation is provided on a month-by-month basis using the straight-line method.

The motor vehicle was sold on 31 March 2018 for \$22 500.

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

- A \$900 loss      B \$900 profit      C \$3000 loss      D \$3000 profit

- 4 The following is an extract from the statement of financial position for a company at 31 December 2016.

	cost \$	accumulated depreciation \$	net book value \$
non-current assets	250 000	95 000	155 000

The assets have a residual scrap value of \$12 500.

The company's policy is to provide depreciation using the reducing balance method at a rate of 25% per annum.

What was the depreciation charge for the year ended 31 December 2017?

- A \$35 625      B \$38 750      C \$59 375      D \$62 500