

- 1 A trader sells goods for \$6600 to a customer on 31 March 2019, the last day of his financial year. He does not produce an invoice until three days later. He is advised that the sales of \$6600 should be entered in the financial statements for the year ended 31 March 2019.

Which accounting concepts are being applied?

- 1 consistency
- 2 prudence
- 3 realisation

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

- 2 The following costs for a business relate to a newly purchased machine.

- 1 alterations to the factory building to install the machine
- 2 payment of insurance for the new machine
- 3 the final purchase price of the machine agreed with the supplier
- 4 the price of the machine before the discount from the supplier

Which costs would be treated as capital expenditure?

A 1, 2 and 3 **B** 1 and 3 only **C** 2 and 3 only **D** 2 and 4

- 3 The following information is available.

	\$
freehold premises at cost	125 000
provision for depreciation of freehold premises	50 000

The premises were revalued at \$180 000.

Which entries are required to record the revaluation?

	income statement	freehold premises at cost account	provision for depreciation	revaluation reserve
A	credit \$105 000	debit \$55 000	none	debit \$50 000
B	debit \$55 000	debit \$75 000	debit \$50 000	credit \$180 000
C	debit \$75 000	debit \$55 000	debit \$50 000	credit \$180 000
D	none	debit \$55 000	debit \$50 000	credit \$105 000