

4 Which factors are considered when choosing the most appropriate method of calculating depreciation?

- 1 the benefit received over the years by using the non-current asset
- 2 the non-current asset has a clearly defined life
- 3 the replacement cost of the non-current asset

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

5 The carrying value of a company's non-current assets at the beginning and end of a financial year is shown.

| | \$ |
|----------------|---------|
| at 1 January | 100 000 |
| at 31 December | 80 000 |

During the year non-current assets were sold for \$20 000 cash, realising a profit on disposal of \$5000.

Depreciation charged for the year was \$8000.

What was the expenditure on non-current assets during the year?

A \$3000 **B** \$5000 **C** \$8000 **D** \$15 000

6 Why would a book-keeper make use of verification procedures?

- A** to assist in the location of errors
- B** to check that accounting policies have been applied consistently
- C** to ensure that all transactions have been recorded
- D** to identify debts that have become irrecoverable