

- 8** A business has chosen to use the straight line method of providing for depreciation of equipment.

Why should it continue to use this method in subsequent years?

- A** Accounting principles never allow accounting methods to be changed.
- B** Other methods of depreciation are unsuitable for depreciating equipment.
- C** To ensure that profits are stated on a consistent basis over time.
- D** To ensure that the Balance Sheet always shows the market value for equipment.

- 9** A pocket calculator costs \$9.50 and has a useful life of 5 years. The bookkeeper has decided to treat the purchase of the calculator as revenue expenditure.

Which accounting concept has been applied?

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

- 10** A business omitted discounts allowed of \$700 from its trial balance. During the year a machine had been sold for cash of \$500 but the only accounting entry made was a debit in the Bank account.

What is the balance on the Suspense account?

- A** \$200 debit **B** \$1200 debit **C** \$200 credit **D** \$1200 credit

- 11** A business has a draft net profit of \$84 000. It is discovered that the closing stock was overvalued by \$4000 and that discounts received of \$1500 were treated as an expense.

What is the corrected net profit?

- A** \$81 500 **B** \$83 000 **C** \$89 500 **D** \$91 000

- 12** A bank reconciliation statement shows a credit balance of \$400 in the Cash Book and a balance in hand of \$100 in the bank statements.

The bank reconciliation statement includes unpresented cheques of \$700 in addition to cheques banked and not yet credited in the bank statements.

What is the total of cheques banked and not yet credited?

- A** \$200 **B** \$400 **C** \$1000 **D** \$1200