

- 5 What does the application of the accounting principle of consistency ensure?
- A that all losses are provided for
  - B that assets are recorded at their actual cost
  - C that financial statements are produced annually
  - D that profits are calculated the same way each year
- 6 A trader recently purchased a non-current asset for his business at a cost of \$6500. A friend told him he could buy a similar asset on-line for \$5000. The trader is now unsure how to value the asset in the books of account.

Which principle should the trader apply?

- A accruals
  - B business entity
  - C historical cost
  - D materiality
- 7 At the financial year end of a business the following information is available.

	\$
debit balance on the bank statement	1000
unpresented cheques	300
lodgements not yet credited by the bank	600
bank charges and interest charged not yet entered in the cash book	150

What is the current balance in the cash book?

- A \$400 credit    B \$400 debit    C \$550 credit    D \$550 debit
- 8 Which error would result in the creation of a suspense account?
- A crediting the commission received account with rent received
  - B crediting the discounts allowed account with the discounts received
  - C debiting the bank interest paid account with bank interest received
  - D debiting the petrol account with a purchase of a new car