

- 5 A used motor vehicle was part exchanged for a new motor vehicle. The balance of the purchase cost of the new motor vehicle was settled by cheque.

What were the entries to record the part-exchange value?

	account debited	account credited
<b>A</b>	bank	disposal
<b>B</b>	bank	motor vehicles
<b>C</b>	motor vehicles	bank
<b>D</b>	motor vehicles	disposal

- 6 A non-current asset of a business cost \$300 000 in 2021. It is depreciated using the reducing balance method at the rate of 40% per annum. A full year's depreciation is provided in the year of acquisition but none in the year of sale. The financial year of the business ends on 31 December.

In 2023, the item was sold for \$150 000. Disposal costs of \$15 000 were incurred.

What was the profit on disposal?

- A** \$27 000      **B** \$42 000      **C** \$57 000      **D** \$70 200

- 7 A business received \$100 cash from a credit customer in settlement of a debt. When recording it, an error of commission was made.

Which statement about the debit and credit columns of the trial balance is correct?

- A** The total of the credit column was \$100 higher than the total of the debit column.  
**B** The total of the debit column was \$100 higher than the total of the credit column.  
**C** The totals of both columns were the same as if the error had not taken place.  
**D** The totals of both columns were understated by the same amount.