1 What might stop financial statements showing a true and fair view?

A changes in depreciation methods from year to year

B changes in dividend policy

C creation of a general reserve

D inclusion of purchased goodwill in a statement of financial position

2 A company's financial year ends on 31 December.

On 1 April 2015, the following payments relating to a new machine were made.

	$
purchase cost	50 000
installation	10 000

Machinery is depreciated at 20% on cost per annum, calculated from the date of purchase.

What was the depreciation of the new machine for the year ended 31 December 2015?

A $7500 **B** $9000 **C** $10 000 **D** $12 000

3 A business purchased a motor vehicle on 1 January 2012 for $24 000. The estimated useful life of the motor vehicle was four years and the estimated residual value at the end of four years was $8000.

The business depreciates motor vehicles at 25% per annum using the reducing balance method. No depreciation is charged in the year of disposal.

The motor vehicle was sold on 31 July 2015 for $12 000.

What was the profit on the sale of the motor vehicle?

A $1875 **B** $4000 **C** $5250 **D** $8000

4 A building was purchased for $500 000. The following costs were also incurred.

	$
adapting the new building	50 000
legal fees for the building purchase	5 000
cleaning the building	4 000
salary of building manager	20 000

What was the capital cost of the building?

A $550 000 **B** $555 000 **C** $559 000 **D** $579 000