

1 What would **not** be a purpose of ledger accounts?

- A to assist in the preparation of the financial statements
- B to assist in the preparation of the trial balance
- C to record the double entry from the subsidiary books
- D to verify the accuracy of the book-keeping system

2 Which accounting concepts apply to depreciation?

- 1 consistency
- 2 matching
- 3 money measurement
- 4 prudence

- A 1, 2 and 4 B 1 and 2 only C 2 and 4 only D 3 and 4

3 A motor vehicle was purchased for \$12 000 on 1 January 2015. Its estimated residual value was \$7000 and expected life 5 years. Depreciation was calculated on a month-by-month basis using the straight-line method.

It was sold on 30 June 2017 and there was a loss on disposal of \$2560.

What were the sale proceeds?

- A \$3440 B \$4352 C \$6440 D \$6940

4 The following information relates to a motor vehicle part-exchanged for a new vehicle in the year.

| | \$ |
|--|--------|
| cost of old vehicle | 20 000 |
| accumulated depreciation at the date of sale | 8 000 |
| profit on disposal | 3 000 |
| cost of new vehicle | 25 000 |

The balance payable for the new vehicle was paid from the business bank account.

How much was the payment from the bank account?

- A \$9000 B \$10 000 C \$15 000 D \$20 000