

- 4 A business provides the following information.

|  | \$     |
|--|--------|
| cheque paid in 2018 for equipment bought in 2017 | 15 000 |
| equipment purchased on credit in 2018            | 42 000 |
| net book value of equipment at 1 January 2018    | 83 000 |
| net book value of equipment at 31 December 2018  | 67 000 |

What was the depreciation charge in the income statement for the year ended 31 December 2018?

- A \$16 000      B \$31 000      C \$43 000      D \$58 000

- 5 Daphne buys a non-current asset for \$10 000. It has an estimated life of two years and a scrap value of \$2000. She is considering whether to depreciate it using the straight-line method or to use the reducing balance method at a rate of 60% per annum.

Which statements are correct?

- 1 The profit for the year in Year 1 is higher if the reducing balance method is chosen.
- 2 The profit for the year in Year 1 is higher if the straight-line method is chosen.
- 3 The profit on disposal at the end of Year 2 is higher if the reducing balance method is chosen.
- 4 The profit on disposal at the end of Year 2 is higher if the straight-line method is chosen.

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

- 6 What is **not** a purpose of control accounts?

- A to assist in the preparation of financial statements  
B to identify all errors where the trial balance agrees  
C to provide a total for trade receivables and trade payables  
D to verify the accuracy of the individual ledger accounts

- 7 The balance on a sales ledger control account was \$21 500. This did not agree with the total of the sales ledger account balances.

It was discovered that a credit note for \$200 sent to a credit customer had been posted to the debit of the customer's account.

What was the total of balances in the business's sales ledger **before** the error was corrected?

- A \$21 100      B \$21 300      C \$21 700      D \$21 900