

- 6 A company has been depreciating its IT equipment over 5 years, but now finds that it is becoming obsolete in 3 years.

What does the consistency principle permit the company to do?

- A change the depreciation policy to 3 years and highlight the effect of this in its financial statements
 - B change the depreciation policy to 3 years without indicating the effect on profits
 - C continue to depreciate over 5 years as per the existing policy
 - D continue to depreciate over 5 years but note that after 3 years the equipment will be obsolete
- 7 Which error would cause an entry in the suspense account?
- A A page total from the purchases journal was posted as \$9780 rather than the correct figure of \$9870.
 - B Carriage outwards is credited to the carriage outwards account but correctly accounted for in the cash book.
 - C Discounts allowed are debited to the discounts allowed account and credited to the purchases ledger control account.
 - D Repairs to a vehicle are debited to the vehicles account.
- 8 A company's purchases ledger control account showed an opening balance of \$24 640 credit.

The following information is available for the year.

	\$
purchases journal (including invoice for \$910 entered twice)	17 100
receivables ledger control contra	850
credit notes issued by suppliers	1 250
discounts received	420

The purchases ledger control account balance at the year end was \$19 870 credit.

How much cash was paid to creditors during the year?

- A \$18 440 B \$20 140 C \$20 940 D \$22 640