

- 1 A business purchased a pocket calculator for the use of the book-keeper. The accountant included it as an expense in the income statement.

Which accounting concept is applied?

- A historic cost
 - B materiality
 - C realisation
 - D substance over form
- 2 What is **not** a reason for a business to maintain a purchases journal?
- A to assist in preparing the purchases ledger control account
 - B to divide book-keeping duties between several people
 - C to keep transactions of a similar nature in one place
 - D to reduce the number of entries in the purchases ledger
- 3 A business purchased a machine, making the following payments.

	\$
machine cost	7500
alterations to improve efficiency	1200
insurance for 12 months	400
installation costs	800
	9900

What was the cost of the machine to be included in non-current assets?

- A \$7500 B \$8700 C \$9500 D \$9900