

- 5 An item of stock originally cost \$5000, but has deteriorated badly and is written down to its estimated net realisable value of \$2000.

Which accounting principle has been applied?

- A consistency
- B materiality
- C prudence
- D substance over form

- 6 A company changes from the straight-line method of depreciation to the reducing balance method.

Which accounting principle has **not** been applied?

- A consistency
- B going concern
- C historic cost
- D materiality

- 7 The cost of a new machine has been debited to the repairs account. What error is this an example of?

- A commission
- B omission
- C principle
- D reversal of entries

- 8 The following information relates to a business:

	\$
opening debtors	280 000
cash received during the year	520 000
discounts allowed during the year	30 000
bad debts written off during the year	15 000
closing debtors	265 000

What were the sales during the year?

- A \$490 000      B \$535 000      C \$550 000      D \$580 000