

- 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