

- 1 A company does not include in the financial statements the value of skills gained by its employees from training programmes.

Which accounting concept is being applied?

- A consistency
- B materiality
- C money measurement
- D substance over form

- 2 The following transactions took place.

- 1 owner's withdrawal of inventory for private use
- 2 purchase of new shop fixtures on credit
- 3 writing off an irrecoverable debt

Which transactions would be recorded in the general journal?

- A 1, 2 and 3      B 1 and 2 only      C 1 only      D 2 and 3 only

- 3 The accounting year end of a company is 31 December.

The company purchased a motor vehicle on 1 January 2020 and incurred the following costs.

- 1 cost, \$30 000, of which half was paid by cheque. The balance was paid by a bank loan. Loan interest for the year ended 31 December 2020 was \$2500.
- 2 delivery cost, \$2000
- 3 engine improvement cost, \$4000
- 4 repair and maintenance costs for three years, \$5000

The motor vehicle was to be depreciated by 20% per annum using the straight-line method.

What is the depreciation charge for the year ended 31 December 2020?

- A \$4200      B \$7200      C \$7700      D \$8200

- 4 A business sold a non-current asset. It had been purchased for \$15 000 and had an estimated life of 10 years, with no residual value. It was depreciated using the straight-line method.

It was sold after six years.

Disposal costs were \$1000 and there was a profit on disposal of \$3000.

What was the sale price?

- A \$8000      B \$9000      C \$10 000      D \$13 000