

- 1 A business has a good reputation. The owner wishes to include goodwill in the financial statements. An accountant advises against it.

Which accounting concept is the accountant applying?

- A business entity
- B going concern
- C matching
- D prudence

- 2 Why is depreciation provided on non-current assets?

- A so that the cost is allocated to periods that benefit from them
- B so that the entity concept is applied
- C so that there is enough cash in the business to replace them
- D so that they are shown at market value

- 3 The following information relates to the disposal of a non-current asset.

	\$
profit on disposal	5 200
cost of non-current asset sold	14 400
sales proceeds	6 800

What was the accumulated depreciation on the non-current asset sold?

- A \$1600      B \$2400      C \$7600      D \$12 800

- 4 Omar wishes to become a trader. He decides to buy an existing business in a good location. He pays more for the business than its net asset value.

How is the extra amount paid shown in the books of the new business?

	account to be debited	account to be credited
A	capital	goodwill
B	goodwill	bank
C	goodwill	capital
D	premises	goodwill