

5 Which of the following is a tangible fixed asset?

- A patents
- B purchased Goodwill
- C short leasehold
- D trade marks

6 A company's accounts showed a gross profit for the year of \$32 500. After the accounts were prepared it was found that the opening stock had been overstated by \$2400 and the closing stock had been understated by \$3400.

What is the corrected gross profit for the year?

- A \$26 700      B \$31 500      C \$33 500      D \$38 300

7 The treasurer of a club has decided **not** to include subscriptions owing by members in the Balance Sheet at the year-end.

Which accounting concept is being applied?

- A accruals
- B going concern
- C money measurement
- D prudence

8 Stock which cost \$1200 has been damaged. It would have sold for \$1800 when perfect. It can be sold for \$1700 if repairs are undertaken at a cost of \$600. To replace the stock would cost \$1000.

At what value should the damaged stock be shown in the final accounts?

- A \$ 1000      B \$ 1100      C \$ 1200      D \$ 1800

9 Accountants prefer the commercial reality of a transaction to a strictly legal approach.

This is an example of

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