

1 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

2 A company purchased a lorry for \$50 000 on 1 January 2015. It has an estimated residual value of \$10 000 and a four-year life. The company charges depreciation monthly on a straight-line basis.

What will the charge for depreciation be for the year to 30 June 2015?

- A \$5000                      B \$6250                      C \$10 000                      D \$12 500

3 The opening net book value of motor vehicles was \$150 000.

During the year a motor vehicle was sold for \$26 000. There was a profit on disposal of \$2000.

Depreciation is calculated at 10% on the opening net book value.

The closing net book value was \$145 000.

What was the cost of motor vehicles purchased during the year?

- A \$33 500                      B \$34 000                      C \$35 500                      D \$36 000

4 Ryan sells goods on credit to Sumit. Sumit also supplies goods to Ryan.

It is decided to make a set-off of the purchases ledger and sales ledger balances.

In which books of prime entry is this set-off recorded?

	in Ryan's books	in Sumit's books
A	general journal	general journal
B	general journal	purchases journal
C	sales journal	general journal
D	sales journal	sales journal