1 A business's year end is 31 March. On 31 March 2016 the business received an order from a credit customer. The goods were not sent to the customer until 5 April 2016. This sale was not included in the financial statements for the year ended 31 March 2016.

Which accounting concept(s) are being applied?

1 business entity

2 realisation

3 substance over form

A 1 and 2 **B** 1 only **C** 2 and 3 **D** 2 only

2 Why does a business charge depreciation on its non-current assets?

A to retain profits for the replacement of worn out assets

B to show the value of the assets in the statement of financial position

C to show when an asset needs replacing

D to spread the cost of the assets over their useful lives

3 How is depreciation calculated using the straight-line method?

A as a fixed percentage of the asset's net book value

B as a fixed percentage of the asset's original cost

C as a variable percentage of the asset's net book value

D as a variable percentage of the asset's original cost

4 A business depreciates its machinery at 10% per annum using the straight-line method on a month-by-month basis. The business's financial year end is 30 June.

Machinery which had cost $6600 on 1 April 2014 was sold on 30 November 2015. The profit on sale was $350.

What were the sale proceeds?

A $5150 **B** $5425 **C** $5850 **D** $6125