

- 1 A company decided **not** to capitalise the purchase of a stapler for use in its office.

Which accounting concept was the company applying?

- A consistency
- B duality
- C materiality
- D prudence

- 2 Which book of prime entry is also used as a ledger account?

- A cash book
- B purchases journal
- C sales journal
- D journal

- 3 A motor vehicle costing \$8000 is depreciated by 25% per annum using the reducing balance method. After depreciating it for two years it was sold for \$4000.

What is the profit or loss on disposal?

- A \$500 loss
- B \$500 profit
- C \$2000 loss
- D \$2000 profit

- 4 A business purchased a new delivery van. The total amount paid is made up of the basic cost of the delivery and the following:

- 1 changing the inside to carry tools and materials
- 2 one year's insurance and servicing
- 3 painting the exterior with the business name

Which items are included in the total to be entered in non-current assets?

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