

- 7 Closing inventory has been overvalued.

What is the effect on the financial statements?

	net current assets	profit for the year
A	no effect	understated
B	overstated	no effect
C	overstated	overstated
D	understated	understated

- 8 The table shows figures relating to a company's banking transactions at 31 December.

	\$
balance at bank per bank statement	22 650
uncleared lodgements	3 110
unpresented cheques	6 290
bank credit recorded twice by bank in error	650

Which balance for cash at bank should appear in the statement of financial position at 31 December?

- A** \$18 820 **B** \$20 120 **C** \$25 180 **D** \$26 480
- 9 A trial balance does not balance and a suspense account is opened.

Later the following errors are found and the suspense account is cleared.

- 1 A sales invoice for \$1240 had been completely omitted from the books.
- 2 Rent paid of \$2600 was entered correctly in the cash book but as \$6200 in the rent account.
- 3 The purchases journal was undercast by \$1980.

What was the original balance on the suspense account?

- A** \$1620 credit
B \$4340 debit
C \$5580 credit
D \$5580 debit