

- 5 Which statement is **not** correct about the benefit to a business of maintaining control accounts?
- A ensures that all types of errors can be detected
  - B helps in the preparation of financial statements
  - C provides immediate totals of trade receivables and trade payables
  - D reduces risk of fraud as jobs are performed by different staff members

- 6 The sales ledger control account of a business showed a balance of \$14 320.

A customer, who owes \$1000, has also supplied the business with \$400 of goods.

This was offset against the amount owed by the customer.

What was the sales ledger control account balance after the offset?

- A \$13 720      B \$13 920      C \$14 720      D \$14 920

- 7 What is the effect on the financial statements if closing inventory is overvalued?

	profit for the year	total assets
A	understated	overstated
B	overstated	overstated
C	understated	understated
D	overstated	understated

- 8 A company had the following assets and liabilities at 31 December 2018.

	\$
trade receivables	30 000
trade payables	12 600
short-term bank deposit	8 800
bank loan repayable on 1 May 2019	20 000
bank loan interest unpaid	500
motor vehicle	9 400

What was the working capital?

- A \$5700      B \$6200      C \$15 100      D \$25 700