

9 A business did not maintain control accounts as part of its double entry books of account.

An examination of its books revealed the following errors.

- 1 The purchases journal was undercast by \$100.
- 2 A sales invoice, \$180, was entered in the sales journal twice.

What was the effect of the errors on the trial balance?

- A** credit side higher by \$100
- B** credit side higher by \$280
- C** debit side higher by \$100
- D** debit side higher by \$280

10 A trader has prepared a draft income statement for the year showing a gross profit of \$64 200. He discovers the following two errors.

- 1 Closing inventory has been overstated by \$2500.
- 2 Sales returns of \$400 have been treated as purchases returns.

What is the correct gross profit?

- A** \$60 900 **B** \$62 100 **C** \$65 900 **D** \$66 300

11 A business paid \$5750 during its trading year for advertising. This amount included \$500 in respect of the next financial year.

How would the correct treatment of the \$500 affect the financial statements?

	profit for the year	net current assets
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase