5 A book-keeper compared the business bank statement with the cash book. He then updated the cash book and finally prepared a bank reconciliation statement.

Why was the bank reconciliation statement prepared?

A to ensure no transactions had been omitted from the cash book

B to establish the value of unpresented cheques

C to explain the difference between the cash book balance and the bank statement balance

D to find out if any cheques had been dishonoured

6 On 31 December 2018, a business had the following balances.

	$
sales ledger	12 800
sales ledger control account	15 200

Which error explains the difference between the two figures?

A A credit balance of $1200 was brought forward as a debit balance in the sales ledger control account.

B An irrecoverable debt of $2400 was omitted in a customer's personal account in the sales ledger.

C Purchases returns, $1200, were wrongly entered on the debit side of the sales ledger control account.

D Sales returns, $1200, were entered twice in a customer's personal account in the sales ledger.

7 The provision for doubtful debts at 1 January 2018 was $1580.

Trade receivables at 31 December 2018 were $44 750. This included a debt of $12 500, considered irrecoverable.

The provision for doubtful debts was to be maintained at a rate of 5%.

Which entry for doubtful debts was included in the income statement for the year ended 31 December 2018?

A $32.50 expense

B $32.50 income

C $657.50 expense

D $657.50 income