

**5** Which statements about an unpresented cheque are correct?

- 1 It arises as the result of an error of omission.
- 2 It arises from a timing difference.
- 3 It is used when preparing a bank reconciliation statement.

**A** 1 and 2      **B** 1 only      **C** 2 and 3      **D** 3 only

**6** The balance on the purchases ledger control account did not agree with the total of balances from the purchases ledger accounts. The following errors were then discovered.

- 1 Contra entries had not been entered in the general journal.
- 2 Debit balances on the purchases ledger had not been included in the control account.
- 3 Discount allowed total had been included in the control account.
- 4 Goods returned to a supplier had not been recorded in the purchases returns journal.

Which errors will require entries being made in the purchases ledger?

**A** 1, 2 and 3      **B** 1, 2 and 4      **C** 2 and 3 only      **D** 1 and 4 only

**7** The correction of which error requires an entry in the suspense account?

- A** A cheque, \$1000, paid to Kong had been debited to Kang's account.
- B** A purchase of stamps, \$50, had been debited to the purchases account.
- C** Commission income, \$170, had been debited to the loan interest account.
- D** The insurance account had been undercast by \$200 and the wages account overcast by \$200.

**8** A business had a draft profit for the year of \$200 000.

The following items were then discovered.

- 1 Depreciation charges had been overstated by \$20 000.
- 2 The value of closing inventory was overstated by \$15 000.
- 3 A year-end accrual for wages was needed, \$8000.
- 4 A year-end adjustment for prepaid insurance, \$2500, was required.

What was the corrected profit for the year?

**A** \$159 500      **B** \$199 500      **C** \$240 500      **D** \$245 500