

- 11 After preparing the draft statement of profit or loss, it was discovered that the purchase of an office computer had been incorrectly recorded in the purchases account.

What will the effect of correcting this error be on cost of sales and profit for the year?

	cost of sales	profit for the year
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

- 12 The draft profit for a business was \$64 000 before the following information was taken into account.

- An allowance for irrecoverable debts was maintained at 2% of trade receivables. The total of trade receivables was \$150 000 at the beginning of the period and \$220 000 at the end of the period.
- On the last day of the period \$4000 was recovered from a trade receivable that had been written off as irrecoverable.

What is the revised profit for the period?

- A** \$58 600 **B** \$62 600 **C** \$63 600 **D** \$66 600

- 13 A sole trader does not keep a complete set of books of account. He believes a staff member has stolen some cash.

Which items will **not** be needed to calculate the amount missing?

- 1 cash in hand at the beginning and end of the year
- 2 owner's drawings taken from the bank
- 3 cheques received from customers
- 4 totals of cash sales and cash purchases

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