

- 8 A business has valued some of its closing inventories at cost. Their net realisable value is lower than cost.

What is the effect of this error on financial statements?

	profit for the year	current assets
<b>A</b>	no effect	no effect
<b>B</b>	overstated	overstated
<b>C</b>	understated	understated
<b>D</b>	no effect	overstated

- 9 The following balances were extracted from a trial balance at 31 March 2019.

	\$
total trade receivables	84 600
provision for doubtful debts at 1 April 2018	2 835
irrecoverable debt	1 600

There was a decrease in the provision for doubtful debts, \$280, for the year ended 31 March 2019.

What was the amount of net trade receivables at 31 March 2019?

- A** \$79 885      **B** \$80 445      **C** \$81 485      **D** \$82 045

- 10 A business had the following assets and liabilities at the start of the year.

a motor car valued at \$2500

inventory which cost \$4000 with a sales value of \$5800

bank overdraft of \$500

a loan to a friend from the business bank account of \$1000

What was the capital account balance at the start of the year?

- A** \$5000      **B** \$7000      **C** \$8000      **D** \$8800