9 Brian had a service business which held no inventory. His current assets and current liabilities at 1 April were as follows.

	$
trade receivables	10 000
trade payables	6 100
bank overdraft	1 900

On that date he set off a sales ledger balance, $600, against a purchases ledger balance and then created a provision for doubtful debts of 5%.

What was the value of his working capital after these adjustments?

A $1470 **B** $1500 **C** $1530 **D** $1900

10 Frieda's provision for the doubtful debts account for the year included a debit entry representing the change in the amount provided. The rate of provision for doubtful debts has not changed.

What might have happened during the year to make this entry necessary?

1 Credit control procedures had been improved.

2 Credit control procedures had been reduced.

3 Total trade receivables had decreased.

4 Total trade receivables had increased.

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

11 A trader's income statement recorded sales, $10 000, and cost of sales, $7070. The trader had taken goods for his own use during the year, cost $280, selling price $410, but had omitted to record this.

What effect did the omission have on the gross margin?

A 2.8% overstated

B 2.8% understated

C 4.1% overstated

D 4.1% understated