

4 What does the application of the accounting principle of consistency ensure?

- A that all losses are provided for
- B that assets are recorded at their actual cost
- C that financial statements are produced annually
- D that profits are calculated the same way each year

5 At 30 June the balance sheet of a business includes the following.

	\$
trade receivables (debtors)	46 000
provision for doubtful debts 5 %	2 300

During July, sales of \$350 000 were made of which 20 % were in cash. Credit customers paid \$303 800 after deducting a 2 % cash discount.

How much did the trade receivables (debtors) owe to the business at 31 July?

- A \$15 200 B \$16 000 C \$22 200 D \$76 000

6 Which error will **not** affect the trial balance?

- A posting of \$3000 purchases to the debit of the motor vehicle account
- B posting of \$3000 purchases to the credit of the motor vehicle account
- C posting of \$3000 road tax refund to the debit of the motor vehicle account
- D posting of \$3000 sales to the debit of the motor vehicle account

7 Closing inventory (stock) has been overvalued.

What is the effect on the financial statements?

	net current assets	net profit
A	no effect	understated
B	overstated	no effect
C	overstated	overstated
D	understated	understated