

- 5 A business has incorrectly recorded a vehicle purchase as a vehicle repair. The business does not charge depreciation on assets in the year of purchase.

What is the effect of this error on the financial statements?

	statement of profit or loss	statement of financial position
A	profit overstated	assets overstated
B	profit overstated	assets understated
C	profit understated	assets overstated
D	profit understated	assets understated

- 6 Non-current assets at the end of Year 1 were recorded as cost, \$500 000, and carrying value, \$360 000.

During Year 2, certain assets were sold. They had originally cost \$100 000 and had been depreciated by \$40 000.

The depreciation charge for the remaining non-current assets in Year 2 was \$30 000.

What was the carrying value of non-current assets at the end of Year 2?

- A** \$270 000 **B** \$300 000 **C** \$330 000 **D** \$370 000

- 7 The cost of repainting a property was debited to the property account.

Which type of error was made?

- A** commission
B compensating
C original entry
D principle

- 8 A trial balance does not balance. The difference has been entered in a suspense account.

The following errors are found.

- 1 A cash payment of \$630 for rent has been credited in the cash book and debited to the irrecoverable debts account.
- 2 The provision for depreciation account has been overcast by \$960.
- 3 The purchases ledger control account balance of \$48 300 has been included as a debit balance.

What is the correcting debit entry to the suspense account?

- A** \$47 340 **B** \$95 010 **C** \$95 640 **D** \$97 560