

**11** The closing balance on a sales ledger control account was \$10 150.

It was then discovered that:

- 1 a sales invoice for \$270 had been correctly entered in the sales journal but posted to the customer's account as \$200
- 2 goods returned by a credit customer for \$90 had not been entered in the sales returns journal.

What was the total of the individual sales ledger balances **before** the correction of these errors?

**A** \$9990                      **B** \$10 080                      **C** \$10 170                      **D** \$10 220

**12** A company undervalued the closing inventory for its current accounting period.

How did this affect gross profit?

	current period	following period
<b>A</b>	no effect	no effect
<b>B</b>	understated	overstated
<b>C</b>	understated	no effect
<b>D</b>	understated	understated

**13** Draft financial statements for a business showed a profit for the year of \$62 000.

The following errors were discovered.

- 1 Accrued loan interest payable of \$3900 had not been accounted for.
- 2 Allowance for irrecoverable debts had been overstated by \$4800.
- 3 Depreciation was found to be understated by \$7500.
- 4 Prepaid rent expense of \$2600 had not been accounted for.

What was the corrected profit for the year?

**A** \$43 200                      **B** \$48 400                      **C** \$58 000                      **D** \$60 600

**14** Joe is a sole trader.

Which statements relating to his business are **not** correct?

- 1 Joe can receive a bank loan for the business.
- 2 Joe's drawings are transferred to his capital account.
- 3 Joe's personal expenses are included in his statement of profit or loss.

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