

- 7 A company's bank statement showed a credit balance of \$2000.

The following errors were found.

- 1 A receipt of \$2700 and a payment for \$3000 were recorded on the bank statement. Both had been omitted from the cash book.
- 2 Bank charges of \$500 were correctly shown on the bank statement but had been recorded as \$600 in the cash book.

What was the cash book balance **before** the errors were corrected?

- A** \$1600 **B** \$1800 **C** \$2200 **D** \$2400

- 8 A business makes a provision for doubtful debts equal to 10% of trade receivables.

The provision at 31 March 2018 was \$8300.

The trade receivables after the provision on 31 March 2019 were \$55 800.

What is the change in the provision over the year?

- A** \$2100 decrease
B \$2100 increase
C \$2720 decrease
D \$2720 increase

- 9 A trader sent goods to a customer on a sale or return basis. At the trader's year end he had not heard if the customer had accepted the goods.

Where should the value of goods be included in the trader's books of account at the year end?

- A** inventory and sales revenue
B inventory only
C sales revenue and trade receivables
D sales revenue only