

- 4 An item of revenue expenditure is wrongly treated as capital expenditure.

What is the effect of this error?

	non-current assets	profit for the year
A	overstated	overstated
B	overstated	understated
C	understated	overstated
D	understated	understated

- 5 When preparing a bank reconciliation statement, the following information is available.

	\$
bank balance shown by the cash book	20 000 debit
unpresented cheques	2 500
uncleared bankings	1 400
standing order shown on the bank statement not entered in the cash book	300

What is the balance on the bank statement?

- A** \$18 600 **B** \$19 200 **C** \$20 800 **D** \$21 400

- 6 Why does a business keep both a sales ledger control account and individual sales ledger accounts for credit customers?

- 1 to check accuracy of the sales journal
- 2 to check accuracy of the individual customer accounts
- 3 to ensure payments have been received from customers
- 4 to monitor whether customers have exceeded their credit limits

- A** 1, 2 and 3 **B** 1 and 2 only **C** 2 and 3 only **D** 3 and 4