

- 5 A book-keeper compared the business bank statement with the cash book. He then updated the cash book and finally prepared a bank reconciliation statement.

Why was the bank reconciliation statement prepared?

- A to ensure no transactions had been omitted from the cash book
- B to establish the value of unpresented cheques
- C to explain the difference between the cash book balance and the bank statement balance
- D to find out if any cheques had been dishonoured

- 6 On 31 December 2018, a business had the following balances.

	\$
sales ledger	12 800
sales ledger control account	15 200

Which error explains the difference between the two figures?

- A A credit balance of \$1200 was brought forward as a debit balance in the sales ledger control account.
- B An irrecoverable debt of \$2400 was omitted in a customer's personal account in the sales ledger.
- C Purchases returns, \$1200, were wrongly entered on the debit side of the sales ledger control account.
- D Sales returns, \$1200, were entered twice in a customer's personal account in the sales ledger.

- 7 The provision for doubtful debts at 1 January 2018 was \$1580.

Trade receivables at 31 December 2018 were \$44 750. This included a debt of \$12 500, considered irrecoverable.

The provision for doubtful debts was to be maintained at a rate of 5%.

Which entry for doubtful debts was included in the income statement for the year ended 31 December 2018?

- A \$32.50 expense
- B \$32.50 income
- C \$657.50 expense
- D \$657.50 income