

5 The following errors in the accounting records have been found and corrected:

- 1 A purchase invoice for \$250 was omitted from the books of account.
- 2 A sale for \$120 to X was debited to the account of Y.
- 3 The sales journal was over-added by \$100.

The gross profit for the year before correcting the errors was \$60 200.

What is the correct gross profit for the year?

- A** \$59 850 **B** \$59 970 **C** \$60 350 **D** \$60 550

6 A trial balance does not agree and the book-keeper finds the following errors.

- 1 A bank overdraft of \$100 was shown as a debit in the trial balance.
- 2 A telephone invoice for \$400 was debited to the insurance account.
- 3 A cash purchase of \$160 was entered in the purchases account as \$150; the purchase was entered correctly in the cash account.

The book-keeper opens a suspense account in order to correct the errors.

What is the opening entry in the suspense account?

- A** credit \$190
B credit \$210
C debit \$60
D debit \$550

7 For which of these purposes can the purchases ledger control account be used?

- 1 to warn of possible errors in the purchases ledger
- 2 to show that there are errors in the purchases journal
- 3 to provide quick totals of trade payables
- 4 to guarantee the accuracy of the purchases ledger

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

8 A trader's accounts showed a gross profit for the year of \$32 500. After the draft financial statements were prepared, it was found that the opening inventory had been overstated by \$2 400 and the closing inventory had been understated by \$3 400.

What is the corrected gross profit for the year?

- A** \$26 700 **B** \$31 500 **C** \$33 500 **D** \$38 300