

- 5 Which statement is **not** correct about the benefit to a business of maintaining control accounts?
- A ensures that all types of errors can be detected
 - B helps in the preparation of financial statements
 - C provides immediate totals of trade receivables and trade payables
 - D reduces risk of fraud as jobs are performed by different staff members

- 6 The sales ledger control account of a business showed a balance of \$14 320.

A customer, who owes \$1000, has also supplied the business with \$400 of goods.

This was offset against the amount owed by the customer.

What was the sales ledger control account balance after the offset?

- A \$13 720 B \$13 920 C \$14 720 D \$14 920

- 7 What is the effect on the financial statements if closing inventory is overvalued?

| | profit for the year | total assets |
|---|---------------------|--------------|
| A | understated | overstated |
| B | overstated | overstated |
| C | understated | understated |
| D | overstated | understated |

- 8 A company had the following assets and liabilities at 31 December 2018.

| | \$ |
|-----------------------------------|--------|
| trade receivables | 30 000 |
| trade payables | 12 600 |
| short-term bank deposit | 8 800 |
| bank loan repayable on 1 May 2019 | 20 000 |
| bank loan interest unpaid | 500 |
| motor vehicle | 9 400 |

What was the working capital?

- A \$5700 B \$6200 C \$15 100 D \$25 700