

- 8 Bank interest income, \$1800, had been correctly entered in the bank account but recorded as interest expense.

Which entries in the ledger will correct the error?

	account to be debited	\$	account to be credited	\$
<b>A</b>	interest expense	1800	suspense	1800
<b>B</b>	interest income interest expense	1800 1800	suspense	1800
<b>C</b>	suspense	1800	interest income	1800
<b>D</b>	suspense	3600	interest income interest expense	1800 1800

- 9 A company has the following balances.

	\$
trade receivables at 31 December 2017	125 400
provision for doubtful debts at 1 January 2017	1 800

During the year ended 31 December 2017 debts of \$20 500 had been written off. The company provides for doubtful debts at a rate of 5% of trade receivables at each year end.

Which expense for doubtful debts was included in the income statement for the year ended 31 December 2017?

- A** \$3445      **B** \$4470      **C** \$5245      **D** \$6270

- 10 How are purchases calculated when proper accounting records have **not** been kept?

- A** sales  $\times$  (1 – margin) – closing inventory + opening inventory  
**B** sales  $\times$  (1 – margin) + closing inventory – opening inventory  
**C** sales  $\times$  (1 – mark-up) – closing inventory + opening inventory  
**D** sales  $\times$  (1 – mark-up) + closing inventory – opening inventory

- 11 The draft financial statements for a business included an inventory valued at \$550 000.

This valuation included damaged items which originally cost \$50 000. These could be sold for \$15 000 provided that \$5000 is spent on repairs.

What is the correct inventory valuation?

- A** \$490 000      **B** \$500 000      **C** \$510 000      **D** \$515 000