

7 A trial balance includes a suspense account.

The following errors are found.

- 1 A payment for the telephone bill for \$75 has been entered correctly in the bank account but as \$750 in the telephone account.
- 2 A payment from a customer for \$175 has been entered correctly in the bank account but omitted from the sales ledger control account (SLCA) which forms part of the double entry system.

Which journal entry corrects these errors?

| | | Debit \$ | Credit \$ |
|----------|-------------------------------|-------------|--------------|
| A | suspense telephone SLCA | 675 175 | 850 |
| B | suspense telephone SLCA | 850 | 675 175 |
| C | suspense telephone SLCA | 500 175 | 675 |
| D | suspense telephone SLCA | 675 | 500 175 |

8 A business had a profit for the year of \$450 000 before correcting the following errors.

- 1 Closing inventory was undervalued by \$15 000.
- 2 Sales returns of \$5000 had been recorded as purchases returns.
- 3 The charge for depreciation was overstated by \$20 000.

What was the profit after correcting these errors?

A \$435 000 **B** \$445 000 **C** \$475 000 **D** \$495 000

9 A company pays rates annually in advance on 1 April each year. \$4000 is paid on 1 April 2014 and \$4800 on 1 April 2015. The company's accounting year end is 31 December.

What is the charge for rates in the 2015 income statement?

A \$4000 **B** \$4200 **C** \$4600 **D** \$4800