

- 7 Which group would appear only on the credit side of a sales ledger control account?
- A cash refunds, contra with the purchases ledger control accounts, sales
 - B cash refunds, contra with the purchases ledger control accounts, sales returns
 - C irrecoverable debts written off, cash received, discounts allowed
 - D irrecoverable debts written off, cash refunds, sales

8 Owing to an issue with Question 8, it has been removed from the question paper.

- 9 A business has calculated its draft profit for the year.

The following information was then discovered.

- 1 Closing inventory had been overvalued.
- 2 Irrecoverable debts needed to be written off.
- 3 Depreciation of non-current assets needed to be reduced.

What is the effect on the profit for the year when these items are adjusted?

| | closing inventory | trade receivables | depreciation reduction |
|---|----------------------|----------------------|---------------------------|
| A | decreased | decreased | increased |
| B | decreased | increased | decreased |
| C | increased | decreased | decreased |
| D | increased | decreased | increased |