8 John did not keep sales or purchases ledger control accounts. His trial balance did not balance and a suspense account was opened. The following errors were discovered.

    1   Sales of $200 had been entered as a credit in both a customer's account and the sales account.

    2   Purchases of $350 from J Brown had been entered as a credit in E Brown's account.

    3   Machinery repairs of $600 had been entered in the machinery at cost account.

    4   Returns inwards of $450 had been entered in the sales returns account but omitted from the customer's account.

What was the amount of opening balance on the suspense account?

A $400   **B** $500   **C** $650   **D** $850

9 A business valued its inventory at the year end at cost, $24 650. This did **not** take account of the following.

    1   Goods had been invoiced to a customer at $3000 and included in sales. They should have been treated as goods on sale or return as the customer had not indicated they would buy them.

    2   Goods purchased for $6400 and included in the inventory have been damaged and now have a sales value of $5700.

    3   Returns inwards which had been sold for $800 had not been included in the inventory.

The business has a mark-up of 25%.

What was the correct value of the inventory?

A $26 350   **B** $26 990   **C** $27 590   **D** $27 750

10 A business prepaid its rent.

What is the effect of this on the current assets and the rent expense at the year end?

	current assets	rent expense
A	decrease	increase
B	increase	decrease
C	increase	no effect
D	no effect	increase