

11 The closing balance on a sales ledger control account was \$10 150.

It was then discovered that:

- 1 a sales invoice for \$270 had been correctly entered in the sales journal but posted to the customer's account as \$200
- 2 goods returned by a credit customer for \$90 had not been entered in the sales returns journal.

What was the total of the individual sales ledger balances **before** the correction of these errors?

- A** \$9990 **B** \$10 080 **C** \$10 170 **D** \$10 220

12 A company undervalued the closing inventory for its current accounting period.

How did this affect gross profit?

	current period	following period
A	no effect	no effect
B	understated	overstated
C	understated	no effect
D	understated	understated

13 Draft financial statements for a business showed a profit for the year of \$62 000.

The following errors were discovered.

- 1 Accrued loan interest payable of \$3900 had not been accounted for.
- 2 Allowance for irrecoverable debts had been overstated by \$4800.
- 3 Depreciation was found to be understated by \$7500.
- 4 Prepaid rent expense of \$2600 had not been accounted for.

What was the corrected profit for the year?

- A** \$43 200 **B** \$48 400 **C** \$58 000 **D** \$60 600

14 Joe is a sole trader.

Which statements relating to his business are **not** correct?

- 1 Joe can receive a bank loan for the business.
- 2 Joe's drawings are transferred to his capital account.
- 3 Joe's personal expenses are included in his statement of profit or loss.

- A** 1 and 2 **B** 1 only **C** 2 and 3 **D** 3 only