

9 What are the benefits of preparing a bank reconciliation statement?

- 1 acts as a deterrent to fraud
- 2 identifies out-of-date cheques
- 3 prevents the business going into overdraft
- 4 provides the correct bank balance for financial statements

A 1, 2 and 3 **B** 1, 2 and 4 **C** 1, 3 and 4 **D** 2, 3 and 4

10 At the month end, a business bank statement showed a credit balance of \$12 697. This did not agree with the cash book balance.

The following differences were found.

- 1 A cheque received, \$7170, was entered as \$7710 in the cash book.
- 2 A cheque paid in, \$2400, had not been cleared by the bank.
- 3 A standing order, \$450, was recorded in the cash book but had not been paid by the bank.
- 4 Bank interest payable of \$642 had not been entered in the cash book.

What was the cash book balance before the necessary corrections were made?

A \$9565 **B** \$13 429 **C** \$14 995 **D** \$15 829

11 Which statements identify the advantages of using a purchases ledger control account as part of the accounting system?

- 1 Compensating errors within the purchases ledger can be found more easily.
- 2 Errors of commission within the purchases ledger will be detected.
- 3 The honesty of staff working on the accounts of trade payables is checked.
- 4 The total amount owing to trade payables can be ascertained quickly.

A 1, 2 and 3 **B** 2, 3 and 4 **C** 2 and 4 only **D** 3 and 4 only