

- 8 A draft statement of financial position for a business showed total net assets of \$600 000.

The following items were then discovered.

- 1 A long-term loan for \$10 000 had not been recorded. This was taken out on the last day of the financial year.
- 2 Closing inventory had been overstated by \$20 000.
- 3 Depreciation had been understated by \$15 000.

What is the correct total net assets value?

- A** \$555 000 **B** \$565 000 **C** \$595 000 **D** \$605 000

- 9 A company has produced draft financial statements for the year. It is then discovered that some inventory is damaged and the value must be reduced.

What will be the effect?

	profit for the year	current assets
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

- 10 A trader took out a 6% bank loan of \$30 000 on 1 November 2021, to be repaid in full in 10 years' time. Interest is to be paid annually. No interest had been paid by 30 April 2022.

How should this be recorded in the statement of financial position at 30 April 2022?

	current liabilities \$	non-current liabilities \$
A	0	30 000
B	900	30 000
C	1 800	30 000
D	30 900	0