



Worksheet 9: Different statements answers

1 Which statements describe advantages of a computerised accounting system?

- 1 It allows for large amounts of data to be stored.
- 2 Mistakes in entering data are never made.
- 3 The system can be installed with minimum cost.
- 4 The trial balance always balances.

B 1 and 4

Statements 2 and 3 are incorrect as input mistakes can happen and a computerised accounting system increases costs as it is quite expensive.

2 A book-keeper reconciles the control accounts with the sales and purchases ledgers. Which errors are identified in this way?

- 1 A figure was transposed when copied from a book of prime entry to a personal account.
- 2 An incorrect amount was entered in a book of prime entry.
- 3 A total in a book of prime entry was incorrect.
- 4 A transaction was omitted from a book of prime entry.

C 1 and 3 only

Statements 2 and 4 are incorrect as an incorrect amount in prime entry will be carried forward to all the subsequent posting to ledger accounts and a transaction omitted would not be posted anywhere.

3 What are the advantages to a sole trader of forming a partnership?

- 1 Losses can be shared by all partners.
- 2 More capital may be available to the business.
- 3 Profits will be greater than those of a sole trader.
- 4 There may be disagreements between partners.

A 1 and 2

Statements 3 and 4 are incorrect as profits will be shared among the partners and when there is more than one person disagreements happen as the decisions are taken collectively.



4 A company's profit from operations has increased by 10% in a year, while its gross profit has only increased by 5%. Which factors could explain this?

- 1 A decrease in distribution costs.
- 2 A decrease in finance costs.
- 3 An increase in rent received.
- 4 An increase in selling prices.

B 1 and 3

Statements 2 and 4 are incorrect as finance costs are deducted after the profit from operations and an increase in selling price would have affected the gross profit as the sales revenue is the starting figure for the statement of profit or loss/income statement.

5 A garage owner paid the following costs:

- 1 Garage equipment repairs.
- 2 Mechanics' wages.
- 3 Rent paid for garage premises.
- 4 Spare parts used to repair vehicles.

Which of these are direct costs?

D 2 and 4 only

Statements 1 and 3 are incorrect as garage equipment repairs and rent paid for garage premises are indirect costs as they cannot be specifically attributed to the specific job/product, etc.