

**9** A company has a year-end of 31 December.

Its inventory records on that date showed an inventory of 600 units with a cost of \$10 each.

A fire on 31 December had totally destroyed 100 units and caused a further 50 units to be damaged. These would cost \$7 each to be repaired.

The inventory records had not been adjusted for the fire. The selling price is \$15 per unit.

What is the value of the inventory to be used in the financial statements at 31 December?

- A** \$4500                      **B** \$4850                      **C** \$4900                      **D** \$5400

**10** A business has a draft profit for the year of \$182 750.

The following adjustments have not yet been made.

- 1 a decrease of \$2800 in the provision for doubtful debts
- 2 a prepayment of rent by the tenant of \$3900 at the year-end

What is the actual profit for the year?

- A** \$176 050                      **B** \$181 650                      **C** \$183 850                      **D** \$189 450

**11** Which rule does **not** apply in the absence of a partnership agreement?

- A** interest on loans is charged at 6% per annum
- B** no interest on capital is charged
- C** no salaries are paid to partners
- D** profits and losses are shared equally between the partners