

- 8 At the beginning of the financial year, inventory was valued at \$15 000. During the year, sales of \$21 000 and purchases of \$18 000 were made. Unfortunately, all inventory was stolen on the last day of the financial year.

Goods are marked up by 50% to calculate selling price.

What is the cost of the stolen inventory?

- A** \$7500 **B** \$11 000 **C** \$19 000 **D** \$22 500

- 9 What will be used to calculate the general provision for doubtful debts?

- A** total trade receivables only
B total trade receivables less irrecoverable debts only
C total trade receivables less provision for specific doubtful debts only
D total trade receivables less irrecoverable debts and provision for specific doubtful debts

- 10 At 31 December 2021, a business had calculated the draft profit for the year of \$57 500.

It was then discovered that the following adjustments were necessary.

- 1 Inventory valued at \$2400 was damaged and now had a resale value of \$1660.
- 2 Rent receivable included \$400 prepaid for 2022.
- 3 The provision for doubtful debts needed to be increased by \$890.

What is the correct profit for the year?

- A** \$55 470 **B** \$56 270 **C** \$58 050 **D** \$58 730

- 11 Closing inventory has been undervalued.

What is the effect on the financial statements?

	total current assets	profit for the year
A	no effect	understated
B	overstated	overstated
C	understated	no effect
D	understated	understated