

- 15** At the year end a company discovers that some inventory is damaged.

This inventory originally cost \$2000 and to replace it would now cost \$1900.

It would normally sell for \$2400 but can now only be sold for \$2200 if repairs costing \$400 are undertaken.

At what value should the damaged inventory be shown in the financial statements?

- A** \$1800 **B** \$1900 **C** \$2000 **D** \$2200

- 16** Which entries are made to record interest on capital in partnership accounts?

	debit	credit
A	appropriation account	capital account
B	appropriation account	current account
C	capital account	appropriation account
D	current account	appropriation account

- 17** Two partners, X and Y, have a capital account of \$10 000 each and share profits and losses equally. They agree to admit Z to the partnership and continue to share profits and losses equally.

There is no goodwill account in the books. At that time goodwill is valued at \$15 000 but is not to be retained in the books of account.

What will be the balance on X's capital account after the admission of Z?

- A** \$10 000 **B** \$12 500 **C** \$15 000 **D** \$17 500

- 18** A manufacturing business incurs the following costs.

- 1 carriage inwards
- 2 depreciation of plant
- 3 wages

Which item(s) can be shown as either a direct cost or an indirect cost in the manufacturing account?

- A** 1 only **B** 1 and 2 **C** 2 and 3 **D** 3 only