3		Shostakovich Limited is a wholesale business selling three products: Preludes, Fugues and Sonatas.									
	At p	rese	nt they use th	ne FIFO meth	od of inver	ntory va	luation	but are co	nsidering	g a change.	
				Shostakovich g inventory va						or the year	at
	The following information is also available at 31 March 2013:										
	Different methods of inventory valuation for the three products provide the fo closing inventory values:						the following	ng			
				Preludes Fugues Sonatas		;	FIFO \$ 4600 3900 1700	AVCO \$ 4300 3750 1500			
	2	Son Sho	atas has be stakovich Li	I during the feen damaged mited at a state	d. It is es selling pric	ar it ha timated ce of \$	s been that tl 31200.	found tha	ory could	d be sold	by
	RE	QUIF	RED								
	(a)	(i)	Calculate the	e revised inve	entory valua	ation at	31 Mar	ch 2013 u	sing FIF0	O and AVC	Э.
											••••
											••••
							•••••				••••
											••••
											••••
											••••
											••••
											••••
							•••••				••••

[4]

	(ii)	Calculate the revised profit for the year at 31 March 2013 using FIFO and AVCO.
		rol
		[6]
(b)		plain three reasons why a business cannot normally use the latest selling price of its ducts to value the inventory.
	1	
	2	
	3	
		[6]
	•••••	[0]

(c)	Advise Shostakovich Limited on why the distinction between capital and revenue expenditure is important when preparing financial statements.				
		[6]			
	stak owing	ovich Limited's statement of financial position at 31 March 2013 showed the g:			
		\$			
		perty 200 000 umulated depreciation 14 000			
		ue of the property is split equally between land and buildings. They had been owned ars. On 1 April 2013 its property was revalued at \$315000.			
REC	QUIF	RED			
(d)	(i)	Prepare the journal entry to record this revaluation. A narrative is not required.			
		[3]			
	(ii)	Name the section in Shostakovich Limited's financial statements where the surplus will appear.			
		[1]			

(iii)	Shostakovich Limited will continue to use the same rate of straight line depreciation for its buildings. Calculate the depreciation charge for the year on buildings after the revaluation.
	[4]