

- 8 At the year-end, Victor had 100 units of inventory which had cost \$12 per unit.

Of these, eight units had been received on the last day of the year and had **not** yet been paid for.

An additional six units were damaged and would be sold for \$10 each once repairs to them totalling \$20 were made.

What was the value of inventory in Victor's financial statements at the year-end?

- A** \$1072      **B** \$1092      **C** \$1168      **D** \$1188

- 9 Which items are treated as expenses in the income statement?

	accrued wages at the end of the year	prepaid telephone charges at the end of the year	increase in provision for doubtful debts
<b>A</b>	✓	✓	✗
<b>B</b>	✗	✓	✓
<b>C</b>	✓	✗	✓
<b>D</b>	✗	✗	✓

- 10 At 31 December 2021, the draft statement of financial position for a business showed total assets of \$1 000 000.

The following was then discovered.

- 1 An increase in the provision for doubtful debts, \$5000, had **not** been recorded.
- 2 Closing inventory had been overvalued by \$20 000.
- 3 Depreciation, \$10 000, had **not** been recorded.

What was the corrected total assets value?

- A** \$965 000      **B** \$985 000      **C** \$1 005 000      **D** \$1 015 000

- 11 On what basis does a trading business produce an income statement?

- 1 cash received and paid out by the business in the year
- 2 income earned less costs incurred by the business during the year
- 3 revenue received less any cash paid out by the business during the year

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