

- 9 A company sells goods at a mark-up of 25%.

The following information was available at the end of the financial year.

goods in warehouse	\$300 000 (cost)
goods sent on sale or return	\$200 000 (at invoice price)

What was the value of closing inventory in the financial statements?

- A** \$300 000      **B** \$450 000      **C** \$460 000      **D** \$500 000

- 10 X started a business 3 years ago and now has a capital of \$175 000.

Over that period his profits have been \$73 000 and his drawings \$52 000. In year 2 he introduced cash of \$35 000 and in year 3 he took out of the business, for his own use, a non-current asset with a net book value of \$4 000.

How much capital did he start the business with?

- A** \$67 000      **B** \$115 000      **C** \$123 000      **D** \$158 000

- 11 When is a revaluation account prepared?

- 1 when a new partner is admitted
- 2 when an existing partner retires
- 3 when the partnership is sold

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

- 12 P and Q are in partnership sharing profits and losses equally.

The following information is available in respect of P.

	\$
current account credit balance at start of the year	20 150
share of asset revaluation	10 000
drawings	10 200

The total partnership profit for the year was \$130 000.

Partnership salaries were P \$20 000, Q \$30 000.

What was the balance on the current account of P at the end of the year?

- A** \$10 350      **B** \$69 950      **C** \$79 950      **D** \$90 350