

- 9 A company has a year-end of 31 December.

Its inventory records on that date showed an inventory of 600 units with a cost of \$10 each.

A fire on 31 December had totally destroyed 100 units and caused a further 50 units to be damaged. These would cost \$7 each to be repaired.

The inventory records had not been adjusted for the fire. The selling price is \$15 per unit.

What is the value of the inventory to be used in the financial statements at 31 December?

- A** \$4500              **B** \$4850              **C** \$4900              **D** \$5400

- 10 A business has a draft profit for the year of \$182 750.

The following adjustments have not yet been made.

- 1 a decrease of \$2800 in the provision for doubtful debts
- 2 a prepayment of rent by the tenant of \$3900 at the year-end

What is the actual profit for the year?

- A** \$176 050              **B** \$181 650              **C** \$183 850              **D** \$189 450

- 11 Which rule does **not** apply in the absence of a partnership agreement?

- A** interest on loans is charged at 6% per annum  
**B** no interest on capital is charged  
**C** no salaries are paid to partners  
**D** profits and losses are shared equally between the partners