

12 William buys radios for \$10 each and sells them for \$15 each.

His draft statement of financial position included a value of \$1500 for inventory.

His method of calculation of inventory was correct.

He then found that 12 radios could only be sold for \$8 each and 4 radios had been stolen.

By how much should William reduce his inventory valuation?

- A** \$64 **B** \$84 **C** \$124 **D** \$144

13 A sole trader has **not** kept a full set of double-entry records.

The following information relates to the business for the year ended 31 March 2021.

| | \$ |
|---------------------------------|---------|
| sales | 210 000 |
| inventory at 1 April 2020 | 17 600 |
| inventory at 31 March 2021 | 18 700 |
| prepaid expense at 1 April 2020 | 630 |
| expenses paid by cheque | 11 900 |

All goods are marked up by 25%.

What were the purchases and profit for the year?

| | purchases \$ | profit for the year \$ |
|----------|-----------------|------------------------------|
| A | 158 600 | 40 150 |
| B | 168 000 | 29 470 |
| C | 168 000 | 30 730 |
| D | 169 100 | 29 470 |

14 Which statement is correct in the absence of a partnership agreement?

- A** Interest is charged on drawings at 5%.
B Only one partner can have a salary.
C Partners are not entitled to interest on capital.
D Profits and losses are shared in the ratio of partners' capital contribution.