

- 10 A manufacturing company incurred the following costs.

	\$
manufacturing labour	350 000
raw materials purchased	230 000
opening inventory of raw materials	40 000
closing inventory of raw materials	50 000
factory overheads	400 000

What was the prime cost of production?

- A** \$570 000 **B** \$580 000 **C** \$970 000 **D** \$980 000
- 11 A company has two departments X and Y. Management provides the following information.

	department X	department Y	total
power used	7 500 kwh	17 500 kwh	25 000 kwh
area	30 000 square metres	20 000 square metres	50 000 square metres

The power bill for the year is \$20 000 and the rent is \$100 000.

What is the total amount for rent and heating to be attributed to department X?

- A** \$54 000 **B** \$62 000 **C** \$66 000 **D** \$72 000
- 12 If partners do not draw up a partnership agreement, the provisions of the Partnership Act apply.

Which statement is true as a provision of the Partnership Act?

- A** Interest on drawings is charged at 5 % a year.
- B** Interest on loans from partners is to be at 8 % a year.
- C** Partners are not entitled to salaries.
- D** Profits are to be shared in the ratio of fixed capitals.
- 13 X and Y have been business partners for several years, sharing profits in the ratio of 2:1. Y now wishes to retire and leave X to continue with a new business partner. Y's capital account amounts to \$15 800 and his current account shows a debit balance of \$3500.

Goodwill is valued at \$6600. The book values of certain tangible assets are to be valued upwards by \$3000.

What is the amount due to Y on his retirement from the business?

- A** \$13 500 **B** \$15 500 **C** \$20 500 **D** \$22 500