

16 A sole trader recovers a debt that had previously been written off as irrecoverable.

How is this accounted for in his income statement?

- A** credit in the profit and loss account
- B** credit in the trading account
- C** debit in the profit and loss account
- D** debit in the trading account

17 The following items appear in the books of a manufacturing company.

- 1 factory wages
- 2 maintenance of factory machinery
- 3 direct materials
- 4 interest on debenture secured on factory machinery
- 5 factory cleaners' wages

Which items would be included in factory overheads?

- A** 1 and 2 **B** 2 and 3 **C** 2 and 5 **D** 4 and 5

18 A business values its inventory using the FIFO method. The following transactions took place.

month		units		\$
April	opening inventory	700	at	190 each
May	purchases	500	at	220 each
June	sales	400	at	400 each

What is the value of the closing inventory at the end of June?

- A** \$152 000 **B** \$162 000 **C** \$167 000 **D** \$176 000

19 X is admitted to a partnership sharing 20% of its profits and losses. The goodwill of the firm is valued at \$30 000. X is to pay \$25 000 into the partnership.

What will be the balance on X's capital account after adjusting for goodwill?

- A** \$5000 Cr **B** \$19 000 Cr **C** \$25 000 Cr **D** \$31 000 Cr