

16 Which items appear in a manufacturing account?

- 1 closing inventory of work in progress
- 2 closing inventory of finished goods
- 3 depreciation of production machinery
- 4 depreciation of office equipment

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

17 A company has ordinary share capital of \$80 000. Each share has a nominal value of \$0.25.

A dividend of \$0.06 per share is paid.

What is the total dividend paid?

A \$1200 **B** \$4800 **C** \$15 200 **D** \$19 200

18 Daphne buys a non-current asset for \$10 000. It has an estimated life of two years and a scrap value of \$2000. She is considering whether to depreciate it using the straight line method or to use the reducing balance method at a rate of 60% per annum.

Which statements are correct?

- 1 The profit for the year in Year 1 is higher if the reducing balance method is chosen.
- 2 The profit for the year in Year 1 is higher if the straight line method is chosen.
- 3 The profit on disposal at the end of Year 2 is higher if the reducing balance method is chosen.
- 4 The profit on disposal at the end of Year 2 is higher if the straight line method is chosen.

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

19 A company issues for cash 50 000 shares of \$5 each at a premium of \$15 each and \$300 000 4% debentures.

By which amount will the net assets of the company increase?

A \$250 000 **B** \$550 000 **C** \$1 000 000 **D** \$1 300 000