15 The directors of a company are completing the accounts for the year ended 30 April 2004. They discover that the stock at 1 May 2003 was over-valued by $50 000.

What is the effect of correcting this error in the accounts?

	net profit for year-end 30 April 2004	reserves brought forward at 1 May 2003
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

16 What is the definition of prime cost?

A direct materials + direct labour

B direct materials + direct labour + direct expenses

C direct materials + direct labour + factory overheads

D direct materials + direct labour + direct expenses + factory overheads

17 A business ends its financial year on 31 December. The stock was not counted until 10 January when it was found to be $104 000 at cost. The following transactions took place from 1 to 10 January.

	$
stock purchased	16 000
stock sold at selling price	15 000

Stock is sold at a mark-up of 25 %.

What was the value of stock at 31 December?

A $99 250

B $100 000

C $108 000

D $108 750