

- 14** Items cost \$15 per unit. They are normally sold for \$22. A damaged unit can only be sold at the normal selling price after modifications costing \$14. The scrap value of the item is \$7 per unit.

How much should the damaged unit be valued at in the balance sheet?

- A** \$7 **B** \$8 **C** \$14 **D** \$15

- 15** The following items appear in the accounts of a manufacturing business.

- 1 purchase of raw materials
- 2 purchase of finished goods
- 3 carriage inwards
- 4 carriage outwards

Which items will be included in the manufacturing account?

- A** 1 and 2 only
B 1 and 3 only
C 1, 2 and 3
D 1, 3 and 4

- 16** The directors of a company are completing the accounts for the year ended 30 April 2007. They discover that the stock at 1 May 2006 was over-valued by \$50 000.

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

	net profit for the year ended 30 April 2007	reserves brought forward at 1 May 2006
A	decrease	decrease
B	decrease	increase
C	increase	decrease
D	increase	increase

- 17** A company issues 500 000 ordinary shares of \$1 each for \$3 each and 250 000 6% debentures.

By what amount will net assets of the company increase as a result of these transactions?

- A** no increase **B** \$750 000 **C** \$1 500 000 **D** \$1 750 000