

8 Which statements about valuing inventory are correct?

- 1 Any charges for carriage inwards should be included in its cost.
- 2 Cost should always be compared with the net realisable value.
- 3 Cost should always be compared with replacement price.

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

9 A sole trader calculated a draft profit for the year of \$56 750.

He then discovered that discounts received of \$580 and discounts allowed of \$665 had been recorded on the wrong sides of their respective accounts.

What is the correct profit for the year?

A \$56 580 **B** \$56 665 **C** \$56 835 **D** \$56 920

10 Which item will **not** appear in the income statement of a sole trader?

- A** accounting charges
- B** bank loan interest
- C** director's fee
- D** rental charge for machinery

11 X and Y are in partnership sharing profits and losses in the ratio 2 : 1.

Z will be admitted with the following new arrangements.

Profit and loss sharing ratio will be 2 : 1 : 2 respectively.

Goodwill is valued at \$90 000. Z will pay the partners for his share of the goodwill.

How much will Z pay X?

A \$18 000 **B** \$24 000 **C** \$45 000 **D** \$60 000

12 D, E and F are in partnership, sharing profits in the ratio 2 : 2 : 1.

D is allowed an annual salary of \$10 000.

E has made a loan to the partnership on which the partnership pays interest of \$5000 each year.

Profit for the year before appropriation was \$150 000.

What was F's total share of profit for the year?

A \$27 000 **B** \$28 000 **C** \$29 000 **D** \$30 000