

- 15** A trader uses his bank statements and paying in books to produce a summary of his receipts and payments for the year.

Why does he do this?

- A** in order to calculate his closing inventory
- B** in order to prepare a bank reconciliation statement
- C** to be able to calculate total sales and total purchases
- D** to know the amount of bad debts written off

- 16** A trader has two departments in his clothes store – men's and women's.

The following information is available.

	men's	women's
sales staff (number)	7	13
floor space	81 m ²	99 m ²
value of non-current assets	\$90 000	\$135 000
annual sales	\$247 000	\$403 000

The cost of advertising and distribution is \$68 100.

What is the cost for advertising and distribution for the men's department?

- A** \$23 835 **B** \$25 878 **C** \$27 240 **D** \$30 645

- 17** X and Y are in partnership sharing profits equally. They have capital account balances of \$30 000 and \$80 000 respectively. Z joins the partnership and pays \$10 000 for his share of goodwill. The new profit-sharing ratio is 2 : 2 : 1.

What is the balance on Y's capital account after Z joins?

- A** \$70 000 **B** \$75 000 **C** \$85 000 **D** \$90 000

- 18** On which basis should inventory be valued?

- A** historical cost
- B** lower of cost and net realisable value
- C** lower of cost and replacement cost
- D** replacement cost