12 A company discovers that its opening inventory was overvalued by \$30 000.

Which effect will the correction of this error have on the financial statements for the year?

	profit for the year	closing inventory
Α	-\$30 000	nil
В	nil	-\$30 000
С	+\$30 000	nil
D	+\$30 000	-\$30 000

- 13 In the absence of a partnership agreement partners are:
 - 1 entitled to interest on the capitals at 5 % per annum
 - 2 entitled to interest on loans at 5 % per annum
 - 3 entitled to interest on loans at 10 % per annum
 - 4 not entitled to interest on capitals
 - 5 not entitled to interest on loans

Which statements are correct?

- **A** 1 and 2
- **B** 2 and 4
- **C** 3 and 4
- **D** 4 and 5
- **14** X and Y are in partnership. Their income statement and appropriation account shows the following.

	\$
depreciation of non-current assets	5 000
interest on loan from Y	600
interest on capital	2 400
interest charged on drawings	900
partners' salaries	5 000
residual profit	12 000

What is the profit for the year before any appropriations?

- **A** \$18 500
- **B** \$19 100
- **C** \$20 300
- **D** \$25 900