

**12** Interest charged on a Partner's Drawings account should be

- A** debited to the Profit and Loss Account.
- B** credited to the Profit and Loss Account.
- C** debited to the Appropriation Account.
- D** credited to the Appropriation Account.

**13** In a period of rising prices, a company has valued its stock of goods using the Last In, First Out (LIFO) basis. The directors have decided that the stock should be valued using the First In, First Out (FIFO) basis.

What is the effect of the change in the valuation of the stock on the gross and net profits of the company?

	gross profit	net profit
<b>A</b>	decrease	no effect
<b>B</b>	decrease	decrease
<b>C</b>	increase	no effect
<b>D</b>	increase	increase

**14** A company sells goods on sale or return at a mark up of 25 %.

At the Balance Sheet date the following information is available.

goods in warehouse	\$300 000 (cost)
goods sent on sale or return	\$200 000 (at invoice price)

What will be the value of closing stock in the company accounts?

- A** \$300 000      **B** \$450 000      **C** \$460 000      **D** \$500 000

**15** A and B are in partnership, sharing profits and losses equally. A's capital account is \$6000 and B's capital account is \$5000. Goodwill is valued at \$12 000, but is not shown in the accounts. They agree to admit Z as a new partner and to share profits and losses equally.

What is A's new capital account balance?

- A** \$4000      **B** \$8000      **C** \$10 000      **D** \$12 000