

- 14** At the beginning of the financial year on 1 July, a business shows an accrual on the rent account of \$600.

During the financial year, payments were made for rent as detailed below.

		\$
26 July	paid 3 months' rent to 31 July	900
11 November	paid 4 months' rent to 30 November	1 200
15 March	paid 4 months' rent to 31 March	1 200

Which amount is to be shown as a prepayment or accrual for rent at the end of the financial year on 30 June?

- A** \$600 accrual
 - B** \$600 prepayment
 - C** \$900 accrual
 - D** \$900 prepayment
- 15** A sole trader sold goods at a mark-up of 50%.

During the year, he withdrew goods for his own use. The drawings account was debited and the sales account was credited with goods at the selling price of \$5400.

What was the effect of these errors on the profit for the year?

- A** \$1800 overstated
 - B** \$1800 understated
 - C** \$2700 overstated
 - D** \$2700 understated
- 16** X and Y are in partnership. They do not have a partnership agreement.

Which statement is correct?

- A** Interest on capital is earned at 5%.
- B** Interest on drawings is charged at 5%.
- C** Interest on partners' loans is earned at 5%.
- D** Profits and losses are shared in the ratio of capital contributed.