

- 13** A partnership does not maintain a Goodwill account. It recently admitted a new partner.

No adjustments were made for Goodwill in the partners' Capital accounts.

What is the effect of this omission?

	continuing partners' Capital accounts total balances	new partner's Capital account balance
<b>A</b>	overstated	understated
<b>B</b>	understated	overstated
<b>C</b>	understated	understated
<b>D</b>	overstated	overstated

- 14** A manufacturing company transfers its products from factory to warehouse at cost of production plus 20%.

The following information is available.

	\$
Provision for unrealised profit brought forward at 1 October 2001	9 000
Closing stock of finished goods at 30 September 2002	48 000

What is shown in the Profit and Loss Account for the year ended 30 September 2002 for the provision for unrealised profit?

- A** \$600 credit
- B** \$600 debit
- C** \$1000 credit
- D** \$1000 debit

- 15** A company increases its provision for doubtful debts.

How does this affect the cash flow statement?

	adjustments for	
	items in the Profit and Loss Account <b>not</b> involving the movement of cash	items affecting the working capital
<b>A</b>	not required	decrease
<b>B</b>	not required	increase
<b>C</b>	required	decrease
<b>D</b>	required	increase