

- 13** A sole trader's personal expenses had been paid out of the business bank account and included in the statement of profit or loss.

What was the effect of this on the profit for the year and on capital?

	profit for the year	capital
A	no effect	no effect
B	no effect	overstated
C	understated	no effect
D	understated	understated

- 14** A business has a gross profit margin of 25%.

The following information is available for the year.

	\$
sales revenue	200 000
opening inventory	10 000
closing inventory	5 000

What were the purchases for the year?

- A** \$135 000 **B** \$145 000 **C** \$155 000 **D** \$165 000

- 15** A partnership maintains separate capital accounts and current accounts.

Which statements are correct?

- 1 The capital accounts represent the retained earnings of the business.
- 2 The capital accounts show the total amount owed to each partner.
- 3 The capital accounts and current accounts equal the net assets.

- A** 1 and 2 **B** 1 and 3 **C** 2 only **D** 3 only

- 16** X, Y and Z are in partnership, sharing profits and losses in the ratio 2 : 2 : 1.

X is allowed an annual salary of \$10 000.

Y has made a loan to the partnership on which the partnership pays interest of \$5000 each year.

Profit for the year before appropriation was \$150 000.

What was Z's total share of profit for the year?

- A** \$27 000 **B** \$28 000 **C** \$29 000 **D** \$30 000