

**11** At 1 April 2019 a business had a provision for doubtful debts of \$3400.

An analysis of trade receivables at 31 March 2020 was as follows.

amount \$	provision required
50 000	nil
40 000	5%
1 600	20%

During the year an irrecoverable debt of \$3000 had been written off in the customer's account, but no entry made in the income statement.

No entry had been made for the increase or the decrease in the provision for doubtful debts.

The income statement for the year ended 31 March 2020 showed a draft profit for the year of \$90 000.

What was the effect on the draft profit for the year of these omissions?

- A** \$680 overstated
- B** \$680 understated
- C** \$1920 overstated
- D** \$1920 understated

**12** X and Y were in partnership sharing profits and losses equally.

Z joined the partnership and profit continued to be shared equally between the three partners. Goodwill was valued but no goodwill account was to remain in the books of account.

Which entries were made to record the goodwill adjustment?

	debit account	credit account
1	goodwill	X and Y
2	goodwill	X, Y and Z
3	X and Y	goodwill
4	X, Y and Z	goodwill

- A** 1 and 3
- B** 1 and 4
- C** 2 and 3
- D** 2 and 4