

13 Which statement(s) are true of drawings?

- 1 They are a reduction in the owner's investment.
- 2 They have to be less than the profit for the year.
- 3 They represent the salary paid to the owner.

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

14 Vikram is a partner in a business. Partners do **not** receive salaries or interest on capital, but they are charged 5% interest on the balance of their drawings account.

Vikram made drawings of \$40 000 during the year and his share of profits was \$47 500.

His current account showed a credit balance of \$4500 after the relevant entries were made at the end of the financial year.

What was the debit balance on Vikram's current account at the beginning of the financial year?

- A** \$1000
B \$3000
C \$5000
D \$5500

15 A partnership operates without having a partnership agreement.

Which rules will apply to the partnership?

- 1 Partners will be entitled to interest on any loans made to the business at a rate of 10% per annum.
- 2 Partners will be entitled to interest on their capital at a rate of 5% per annum.
- 3 Partners will **not** be charged interest on their drawings.
- 4 Partners will **not** be entitled to a salary.

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