

11 At the start of the year the balance on a sole trader's capital account was \$183 000.

During the year the following took place.

- 1 The owner introduced a motor vehicle into the business. This had a cost of \$90 000 and had a market value of \$74 000.
- 2 The owner took cash drawings of \$15 000.
- 3 The owner took inventory for personal use. This had a cost of \$24 000 and a selling price of \$32 000.

After recording these and the profit for the year, the closing balance on the capital account was \$265 000.

What was the profit for the year?

- A** \$31 000 **B** \$39 000 **C** \$47 000 **D** \$55 000

12 Why might a sole trader form a partnership?

- 1 to enable the revaluation of business assets
- 2 to have the protection of limited liability
- 3 to gain additional capital for the business

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

13 X and Y are in partnership. The following information relates to the partnership.

current account	start of the year \$	end of the year \$
X	12 000 credit	17 500 credit
Y	6 000 credit	4 000 debit

The following transactions took place during the year.

drawings	\$
X	13 000
Y	19 000

X received a salary of \$5000.

What was the profit for the year before appropriation?

- A** \$22 500 **B** \$27 500 **C** \$30 500 **D** \$32 500