12 The directors of a company are completing the financial statements for the year ended 30 April 2016. They discover that the inventory at 1 May 2015 was over-valued by \$50 000.

What are the effects of correcting this error?

	profit for the year ended 30 April 2016	retained earnings brought forward at 1 May 2015	
Α	decrease	decrease	
В	decrease	increase	
С	increase	decrease	
D	increase	increase	

13 X and Y were in partnership sharing profit and losses equally. They then admitted Z into the partnership and profits and losses were still shared equally.

The following transactions took place.

- 1 Z introduced capital of \$50000.
- 2 Goodwill was valued at \$30000. No goodwill account is kept in the books of account.
- 3 X took a computer from the business at a value of \$3000.

After these transactions had taken place, the balance on X's capital account was \$60000.

What was the opening balance on X's capital account?

A \$55 000

B \$58 000

C \$65000

D \$75000

14 A and B were in partnership sharing profits and losses equally when they decided to retire. Details of the realisation are shown in the table.

	book value \$000	realised value \$000
non-current assets	50	65
current assets excluding cash and bank	25	23
cash and bank balances	4	_
current liabilities	18	14
costs of realisation	1	_

How much profit was **each** partner entitled to on realisation?

A \$8000

B \$10000

C \$12000

D \$16000