12 A company discovers that its opening inventory was overvalued by $30 000.

Which effect will the correction of this error have on the financial statements for the year?

	profit for the year	closing inventory
A	–$30 000	nil
B	nil	–$30 000
C	+$30 000	nil
D	+$30 000	–$30 000

13 In the absence of a partnership agreement partners are:

1 entitled to interest on the capitals at 5% per annum

2 entitled to interest on loans at 5% per annum

3 entitled to interest on loans at 10% per annum

4 not entitled to interest on capitals

5 not entitled to interest on loans

Which statements are correct?

A 1 and 2 **B** 2 and 4 **C** 3 and 4 **D** 4 and 5

14 X and Y are in partnership. Their income statement and appropriation account shows the following.

	$
depreciation of non-current assets	5 000
interest on loan from Y	600
interest on capital	2 400
interest charged on drawings	900
partners' salaries	5 000
residual profit	12 000

What is the profit for the year before any appropriations?

A $18 500 **B** $19 100 **C** $20 300 **D** $25 900