

- 11 A sole trader had the following transactions.

| | \$ |
|-------------------|------|
| returns outwards | 2750 |
| carriage inwards | 4820 |
| goods for own use | 1460 |

What was the total effect of these transactions on the cost of sales?

- A** \$610 increase
B \$3530 increase
C \$6110 decrease
D \$9030 decrease
- 12 A sole trader's personal expenses had been paid out of the business bank account and included in his income statement.

What was the effect of this on the profit and capital?

| | profit | capital |
|----------|-------------|-------------|
| A | no effect | no effect |
| B | no effect | overstated |
| C | understated | no effect |
| D | understated | understated |

- 13 A warehouse was damaged by fire on 31 March and some of the inventory was destroyed. The following information is available.

| | \$ |
|--|--------|
| inventory at cost on 1 January | 6 000 |
| inventory at cost on 31 March after fire | 3 200 |
| sales during the period | 14 700 |
| purchases during the period | 9 500 |

The business uses a mark-up of 33.33%.

What was the value of the inventory destroyed?

- A** \$1275 **B** \$1800 **C** \$2000 **D** \$2500