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
A	decrease	decrease
B	decrease	increase
C	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 $50 000.

2 Goodwill was valued at $30 000. 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 $60 000.

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

A $55 000 **B** $58 000 **C** $65 000 **D** $75 000

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** $10 000 **C** $12 000 **D** $16 000