

10 A business had a draft profit for the year of \$250 000.

The following errors were then discovered.

- 1 Depreciation charged was \$25 000. The figure should have been \$40 000.
- 2 Closing inventory for the period was undervalued by \$10 000.

What was the correct profit for the year?

A \$225 000 **B** \$245 000 **C** \$255 000 **D** \$275 000

11 A capital account for a sole trader contained three entries, in addition to the opening and closing balances.

What did these entries represent?

	debit side	credit side
A	capital introduced	drawings, loss for the year
B	capital introduced, drawings	profit for the year
C	drawings, loss for the year	capital introduced
D	profit for the year	capital introduced, drawings

12 The year end of a business is 31 December 2021.

On 5 January 2022, inventory was counted and valued at cost, \$30 000.

The following was then discovered.

- 1 Goods purchased and received after the year end, costing \$1500, had been included in the valuation.
- 2 It included goods returned by a customer after the year end. They had a selling price of \$900 which included a mark-up of 25% during the year.
- 3 Some goods included in the inventory, costing \$500, were damaged. They can be sold for \$300 after repairs costing \$100.

Which value of inventory should be included in the financial statements at 31 December 2021?

A \$27 480 **B** \$27 525 **C** \$28 275 **D** \$29 270