

11 A trader had the following closing trade receivables.

year	\$
1	64 000
2	80 000
3	90 000

He usually provides for doubtful debts at the rate of 5%. At the end of year 2 he forgot to adjust the provision.

What was the effect on profit in **year 3** of forgetting to adjust the provision in year 2?

- A** \$800 decrease
- B** \$800 increase
- C** \$1300 decrease
- D** \$1300 increase

12 The following information is available for the year ended 31 December 2021.

	\$
revenue	1 400 000
inventory as at 1 January 2021	140 000
inventory as at 31 December 2021	148 000

The trader uses a mark-up of 60% on all purchases.

What was the value of purchases for the year?

- A** \$848 000
- B** \$867 000
- C** \$875 000
- D** \$883 000