

- 14** X and Y were in partnership sharing profits equally. Z became a partner and all three partners shared profits equally.

Goodwill was valued at \$90 000. No goodwill account is to be retained in the books of account.

Which statement describes the effect on capital accounts when Z was admitted?

- A** The capital accounts of X and Y increase by \$15 000 each, the capital account of Z will reduce by \$30 000.
- B** The capital accounts of X and Y increase by \$30 000 each.
- C** The capital accounts of X and Y increase by \$45 000 each.
- D** The capital account of Z reduces by \$90 000.

- 15** A company has a debenture (2020).

Which description of this is correct at 31 December 2016?

- A** a current liability with a fixed rate of interest
- B** a current liability with a variable rate of interest
- C** a non-current liability with a fixed rate of interest
- D** a non-current liability with a variable rate of interest

- 16** A limited company made the following issues of shares.

bonus issue of 20 000 ordinary shares of \$0.50 each

rights issue of 10 000 ordinary shares of \$0.50 each at a price of \$0.75 each

By how much did the issues increase the equity of the company?

- A** \$5000      **B** \$7500      **C** \$15 000      **D** \$17 500

- 17** What would **not** be included in a statement of changes in equity for a limited company?

- A** dividends paid
- B** issue of ordinary share capital
- C** profit for the year
- D** repayment of a debenture