

- 16** J and K are in partnership sharing residual profits and losses in the ratio 7 : 3.

Their fixed capital accounts have balances of J \$40 000, K \$60 000. Interest is allowed on these at the rate of 10% per year.

J is paid a salary of \$40 000 per year. Profit for the year was \$200 000.

What was each partner's **total** share of the profit for the year?

	J \$	K \$
A	137 000	63 000
B	140 000	60 000
C	149 000	51 000
D	152 000	48 000

- 17** X, Y and Z were in partnership sharing profits and losses equally. Z retired from the partnership on 31 March 2022. The balances on his capital account and current account were \$85 000 and \$7 000 debit respectively. After Z's retirement, X and Y would share profits and losses equally.

Goodwill was valued at \$24 000 and would not remain in the books of accounts.

As part of the amount due to him, Z took a motor vehicle at an agreed valuation of \$4 000. The other non-current assets were revalued downwards by \$15 000.

The remaining amount due to Z would be paid equally by X and Y.

How much would X pay to Z?

- A** \$36 500 **B** \$37 500 **C** \$38 500 **D** \$45 500

- 18** Draft financial statements for a company showed a balance of retained earnings of \$170 000 at the year end.

The following information was then discovered.

- 1 An irrecoverable debt of \$25 000 should have been written off.
- 2 An ordinary share dividend, \$30 000, had been paid but not recorded.
- 3 Closing inventory was undervalued by \$15 000.

What was the correct balance of retained earnings at the year end?

- A** \$100 000 **B** \$125 000 **C** \$130 000 **D** \$185 000