

- 12** Adil and Bashir were in partnership sharing profits and losses in the ratio 2 : 1.

Chandra joins the partnership and profits and losses are now to be shared between Adil, Bashir and Chandra in the ratio 3 : 2 : 1.

The balances of the partners' capital accounts prior to Chandra joining the partnership are as follows:

	\$
Adil	20 000
Bashir	10 000

Goodwill is to be valued at \$36 000 and is not to be retained in the books of account.

What is the balance on Adil's capital account after Chandra joined the partnership?

- A** \$20 000      **B** \$26 000      **C** \$38 000      **D** \$44 000

- 13** How is a loss on realisation recorded when a partnership is dissolved?

- A** Credit each partner's capital account equally.  
**B** Debit each partner's capital account equally.  
**C** Credit each partner's capital account in the profit-sharing ratio.  
**D** Debit each partner's capital account in the profit-sharing ratio.

- 14** John and Brian are in partnership sharing profits and losses equally. John receives a salary of \$2000 per annum. Brian loaned the business \$5000. He is entitled to interest of 5% per annum.

The profit for the year before appropriation was \$24 000. During the year John took drawings of \$3000.

What will be the amount of residual profit Brian will receive for the year?

- A** \$9375      **B** \$10 875      **C** \$11 000      **D** \$11 250

- 15** A company issued 100 000 ordinary shares of \$1 each at a premium of \$2. The market value was \$4 per share.

Which statement is **not** correct?

- A** Capital reserves increased by \$200 000.  
**B** Cash and cash equivalents increased by \$300 000.  
**C** Ordinary share capital increased by \$100 000.  
**D** Revenue reserves increased by \$400 000.