

**16** Dele and lyabo are partners and share profits in the ratio of 3 : 1.

Their profit for the year is \$80 000.

The following information is available.

	Dele \$	lyabo \$
interest on capital	3000	2500
interest on drawings	500	1000

How will the residual profit be shared?

	Dele \$	lyabo \$
<b>A</b>	57 000	19 000
<b>B</b>	57 500	18 500
<b>C</b>	62 500	21 500
<b>D</b>	63 000	21 000

**17** W Limited made a loss for the year. The directors wish to increase the balance on the retained earnings account.

How can they do this?

- 1 increase dividends paid
- 2 issue new ordinary shares at a premium
- 3 make a transfer from general reserve

**A** 1 and 2      **B** 1 only      **C** 2 and 3      **D** 3 only