

- 13** X and Y were in partnership sharing profits and losses equally. When Z became a partner, profits continued to be shared equally and partnership goodwill was valued at \$120 000.

Goodwill was not retained in the partnership books of account.

How is this recorded in the partners' capital accounts?

	credit X and Y \$	debit Z \$
<b>A</b>	20 000 each	40 000
<b>B</b>	40 000 each	40 000
<b>C</b>	60 000 each	no effect
<b>D</b>	60 000 each	120 000

- 14** An inexperienced book-keeper has prepared the following appropriation account for the partnership of P and Q.

		\$	\$
profit as per income statement			18 861
interest on capital	P	1 000	
	Q	<u>500</u>	<u>1 500</u>
			17 361
salary	P		<u>900</u>
balance of profit			18 261
share of balance of profit	P	12 174	
	Q	<u>6 087</u>	<u>18 261</u>
			nil

What should be the correct share of residual profit due to P?

- A** \$10 974      **B** \$11 574      **C** \$12 974      **D** \$14 174