

- 16** X and Y are in partnership, sharing residual profits and losses equally. Partners are charged 2% interest on their drawings. Y is entitled to a salary of \$10 000.

The partners' drawings for the year were as shown.

	\$
X	12 000
Y	8 000

The profit for the year was \$52 000.

How much did each partner receive as a share of residual profits?

- A** \$10 800      **B** \$11 200      **C** \$20 800      **D** \$21 200

- 17** Which statements are correct?

- 1 Dividends can be paid out of the general reserve.
- 2 Rights issues can be made from the share premium account.
- 3 The general reserve can be created from retained earnings.

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

- 18** A limited company had the following balances on 1 January 2021.

	\$
revaluation reserve	20 000
retained earnings	142 000

Profit for the year ended 31 December 2021 was \$105 000.

The revaluation reserve, \$20 000, was created two years ago from a revaluation of a property. The same property was revalued on 31 December 2021 with a revaluation loss of \$35 000.

On 1 August 2021 an interim dividend, \$40 000, was paid.

On 31 December 2021 a final dividend, \$55 000, was proposed.

What was the value of retained earnings at 31 December 2021?

- A** \$117 000      **B** \$137 000      **C** \$172 000      **D** \$192 000