

**15** J, H and P are in partnership. The profit for the year was \$80 000.

J is entitled to a partnership salary of \$5000.

They share profits in the ratio of 2 : 2 : 1 but P has guaranteed minimum earnings of \$20 000.

Which total profit share did J receive?

- A** \$27 500      **B** \$32 000      **C** \$32 500      **D** \$35 000

**16** X, Y and Z were partners sharing profits and losses equally. On 31 March 2014 Z retired and the net asset valuation showed a loss of \$15 000. Unrecorded goodwill was valued at \$30 000.

What was the net entry in Z's capital account?

- A** credit \$5000  
**B** credit \$15 000  
**C** debit \$5000  
**D** debit \$15 000

**17** Which statement about ordinary shares is **not** correct?

- A** Shareholders receive return on investment before other investor groups.  
**B** They are the most risky form of investment.  
**C** They carry a variable rate of dividends.  
**D** They entitle the shareholder to part ownership.

**18** An investor owns 10 000 5% preference shares in Howdo Limited.

One year Howdo Limited does not have enough profits to pay the preference dividend.

The investor expects the profits to improve and he thinks the directors will pay the outstanding dividend in the following year.

Which type of preference shares does the investor own?

- A** cumulative  
**B** non-cumulative  
**C** participating  
**D** redeemable