

- 14** X and Y are in partnership sharing residual profits and losses in the ratio 7:3.

Their fixed capital accounts have balances of X \$40 000; Y \$60 000. Interest is allowed on these at the rate of 10% per year.

X is paid a salary of \$40 000 per year. Profit for the year was \$200 000.

What was the division of profits between the partners?

	X \$	Y \$
<b>A</b>	137 000	63 000
<b>B</b>	140 000	60 000
<b>C</b>	149 000	51 000
<b>D</b>	152 000	48 000

- 15** X, Y and Z are in partnership, sharing profits, X 40%, Y 20% and Z 40%. Existing goodwill is shown in the ledger as \$10 000.

The partners agree that the goodwill is now worth \$40 000 and they agree to share future profits equally. They also agree that, in future, goodwill is not to appear in the ledger.

Which journal entry will record this change?

		debit \$	credit \$
<b>A</b>	X Y Z goodwill	1 334 7 333 1 333	10 000
<b>B</b>	X Y Z goodwill	10 000 10 000 10 000	30 000
<b>C</b>	X Y Z goodwill	12 000 6 000 12 000	30 000
<b>D</b>	X Y Z goodwill	13 334 13 333 13 333	40 000