

- 16** A and B are in partnership. The following information relates to 2015.

| | \$ |
|-----------------------------|--------|
| profit before appropriation | 88 000 |
| interest on drawings: A | 1 000 |
| B | 1 000 |
| interest on capital: A | 3 000 |
| B | 1 000 |

The profit sharing ratio is in accordance with the proportion of the capital account.

What is A's share of the residual profit?

- A** \$41 000 **B** \$43 000 **C** \$61 500 **D** \$64 500

- 17** Which statement is correct?

- A** A bonus issue of shares will increase the amount of cash available to the company.
- B** A rights issue of shares is always made at the nominal value of the shares.
- C** A rights issue of shares will increase the amount of cash available to the company.
- D** If shares are issued at an amount that is more than the nominal value of the shares, the excess must be debited to the share premium account.

- 18** A limited company has an issued share capital of 300 000 \$1 ordinary shares. It makes a bonus issue of one share for every three held. This is followed by a rights issue of one share for every five held.

What is the balance on the share capital account after these transactions?

- A** \$360 000 **B** \$400 000 **C** \$460 000 **D** \$480 000

- 19** The following information is available for a limited company which has 280 000 ordinary shares of \$0.50 each.

| | \$ |
|-------------------|---------|
| share premium | 70 000 |
| 10% debentures | 100 000 |
| retained earnings | 73 400 |
| general reserve | 62 700 |

What is the value of shareholders' equity?

- A** \$346 100 **B** \$446 100 **C** \$486 100 **D** \$586 100