

14 P, Q and R are in partnership.

Q is retiring and the following terms have been agreed.

Goodwill is valued at \$35 000 but will not be retained in the books of account.

Net assets are revalued downwards.

Which entries in the capital account of Q record these adjustments?

	goodwill	revaluation of assets
A	credit	credit
B	credit	debit
C	debit	credit
D	debit	debit

15 A company issued \$1 ordinary shares for \$1.20 each. The total proceeds were recorded in the ordinary share capital account.

Which journal entry completes the entries for the share issue?

	account to debit	account to credit
A	suspense	ordinary share capital
B	ordinary share capital	suspense
C	ordinary share capital	share premium
D	share premium	ordinary share capital

16 An extract from a company's statement of financial position showed the following information.

	\$000
issued capital: 2 million ordinary shares of \$0.50 each	1000
share premium	600
retained earnings	2400

The directors have agreed to make a bonus issue of 3 ordinary shares for 4 shares held. They wish to maintain reserves in their most flexible form.

Which debit entry should be made in the retained earnings account?

A \$150 000 **B** \$750 000 **C** \$900 000 **D** \$1 500 000