

- 13** L and M had been in partnership sharing profits and losses equally. P was admitted to the partnership and the partners continued to share profits and losses equally. Goodwill was valued at \$48 000 but the partners agreed that no goodwill account would be retained in the books of account.

What were the accounting entries to record the goodwill?

- A** debit L capital account \$16 000, debit M capital account \$16 000, credit P capital account \$32 000
- B** debit P capital account \$32 000, credit L capital account \$16 000, credit M capital account \$16 000
- C** debit L capital account \$8000, debit M capital account \$8000, credit P capital account \$16 000
- D** debit P capital account \$16 000, credit L capital account \$8000, credit M capital account \$8000

- 14** Which items do **not** appear in a statement of changes in equity?

- 1 dividend paid
- 2 dividend proposed
- 3 loan interest

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

- 15** On 1 January a company's equity included 100 000 \$1 ordinary shares.

The directors of the company then did the following:

- | | |
|---------|--|
| 1 March | Made a rights issue of 20 000 ordinary shares at \$1.25 each. The rights issue was fully subscribed. |
| 1 June | Made a bonus issue of 5000 ordinary shares. |
| 1 July | Paid an interim dividend of \$0.10 on all of the shares in issue at that date. |

By how much did the bank account increase as a result of these transactions?

- A** \$12 500 **B** \$17 500 **C** \$30 000 **D** \$37 000