

- 15** David and Jane have been business partners for several years, sharing profits in the ratio of 2 : 1. Jane now wishes to retire. Her capital account amounts to \$15 800 and her current account shows a debit balance of \$3500.

Goodwill is valued at \$6600. The book values of certain tangible assets are to be valued upwards by \$3000.

What is the amount due to Jane on her retirement from the business?

- A** \$15 500      **B** \$18 700      **C** \$22 500      **D** \$25 700

- 16** Which is **not** an appropriation of partnership profit?

- A** interest on capital
- B** interest on drawings
- C** interest on loan
- D** share of profit

- 17** A limited company intends to issue shares at a price above the nominal value.

Which items, apart from bank balance, will be affected by the share issue?

- A** share capital, capital reserves and revenue reserves
- B** share capital and capital reserves only
- C** share capital and revenue reserves only
- D** share capital only

- 18** A company issues one million ordinary shares of \$1 each at \$1.30 per share. It also issues a debenture for \$500 000.

What is the increase in the equity of the company?

- A** \$1 000 000      **B** \$1 300 000      **C** \$1 500 000      **D** \$1 800 000

- 19** What is measured by the return on capital employed ratio?

- A** percentage of profit paid out as dividends only
- B** percentage of profit paid out as dividends and interest
- C** return earned on funds invested by business owners only
- D** return earned on funds invested by business owners and long-term lenders