

**15** Which items in the books of a partnership would increase the profit available for distribution to the partners?

- 1 discount received
- 2 interest on capital
- 3 interest on drawings
- 4 partnership salary

**A** 1 and 2      **B** 1 and 3      **C** 2 and 4      **D** 3 and 4

**16** L and M are in partnership, sharing profits and losses in proportion to their capital invested. The following information is available.

	\$
capital: L	68 000
M	102 000
profit for the year before appropriation	28 900
drawings: L	8 000
M	12 000

No interest is charged on drawings up to \$10 000 for each partner.

Interest at a rate of 5% is charged on any drawings in excess of \$10 000.

What was L's share of residual profit?

**A** \$11 520      **B** \$11 600      **C** \$11 800      **D** \$11 960

**17** Which statements describe the advantages of a rights issue of shares?

- 1 Additional funds for a company can be raised cheaply.
- 2 Control of the company remains with existing shareholders if all rights are taken up.
- 3 It is an alternative to dividends as a way of rewarding existing shareholders.

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