

- 14** L, M and N were partners sharing profits and losses equally.

N's capital account was as follows.

	\$		\$
motor vehicle	7 000	balance	14 000
bank	<u>8 000</u>	current account	<u>1 000</u>
	<u>15 000</u>		<u>15 000</u>

What explained the entries in the capital account?

- A** N bought a motor vehicle from the business paying \$1000 more than its book value.
- B** N's capital account includes his share of the loss on the disposal of a motor vehicle.
- C** N increased his capital by introducing a motor vehicle and paying cash into the bank.
- D** N retired and took the amount due to him in the form of a motor vehicle and money from the bank.
- 15** A shareholder sells some ordinary shares for more than he paid for them.

What is the effect on the company statement of financial position?

	ordinary share capital	share premium account
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	no effect	decrease
<b>D</b>	no effect	no effect

- 16** The equity of X Limited at 30 June 2021 was as follows.

	\$
share capital	600 000
share premium	100 000
revaluation reserve	90 000
general reserve	50 000
retained earnings	80 000

What was the maximum total dividend that could be paid to shareholders?

- A** \$80 000      **B** \$130 000      **C** \$220 000      **D** \$320 000