

**16** A and B are in partnership. The following information relates to 2015.

	\$
profit before appropriation	88 000
interest on drawings: A	1 000
B	1 000
interest on capital: A	3 000
B	1 000

The profit sharing ratio is in accordance with the proportion of the capital account.

What is A's share of the residual profit?

- A** \$41 000      **B** \$43 000      **C** \$61 500      **D** \$64 500

**17** Which statement is correct?

- A** A bonus issue of shares will increase the amount of cash available to the company.
- B** A rights issue of shares is always made at the nominal value of the shares.
- C** A rights issue of shares will increase the amount of cash available to the company.
- D** If shares are issued at an amount that is more than the nominal value of the shares, the excess must be debited to the share premium account.

**18** A limited company has an issued share capital of 300 000 \$1 ordinary shares. It makes a bonus issue of one share for every three held. This is followed by a rights issue of one share for every five held.

What is the balance on the share capital account after these transactions?

- A** \$360 000      **B** \$400 000      **C** \$460 000      **D** \$480 000

**19** The following information is available for a limited company which has 280 000 ordinary shares of \$0.50 each.

	\$
share premium	70 000
10% debentures	100 000
retained earnings	73 400
general reserve	62 700

What is the value of shareholders' equity?

- A** \$346 100      **B** \$446 100      **C** \$486 100      **D** \$586 100