

**14** P, Q and R are in partnership.

Q is retiring and the following terms have been agreed.

Goodwill is valued at \$35 000 but will not be retained in the books of account.

Net assets are revalued downwards.

Which entries in the capital account of Q record these adjustments?

	goodwill	revaluation of assets
<b>A</b>	credit	credit
<b>B</b>	credit	debit
<b>C</b>	debit	credit
<b>D</b>	debit	debit

**15** A company issued \$1 ordinary shares for \$1.20 each. The total proceeds were recorded in the ordinary share capital account.

Which journal entry completes the entries for the share issue?

	account to debit	account to credit
<b>A</b>	suspense	ordinary share capital
<b>B</b>	ordinary share capital	suspense
<b>C</b>	ordinary share capital	share premium
<b>D</b>	share premium	ordinary share capital

**16** An extract from a company's statement of financial position showed the following information.

	\$000
issued capital: 2 million ordinary shares of \$0.50 each	1000
share premium	600
retained earnings	2400

The directors have agreed to make a bonus issue of 3 ordinary shares for 4 shares held. They wish to maintain reserves in their most flexible form.

Which debit entry should be made in the retained earnings account?

**A** \$150 000      **B** \$750 000      **C** \$900 000      **D** \$1 500 000