

- 15 L and M are in partnership. The following information relates to the year ended 31 December 2017.

	L \$	M \$
drawings	20 000	30 000
interest on drawings	1 200	1 800
loan interest on partner's loan	8 000	
salary		20 000
residual profit share	36 000	18 000

What was the profit for the year ended 31 December 2017?

- A \$71 000      B \$77 000      C \$79 000      D \$121 000

- 16 A limited company provided the following information.

	\$
retained earnings at the start of the year	244 000
retained earnings at the end of the year	286 000
finance costs	12 000
dividend paid	80 000
dividend proposed	50 000

What is the profit or loss from operations?

- A \$122 000      B \$134 000      C \$172 000      D \$184 000

- 17 What is the effect of a company issuing bonus shares?

- A increases liquidity
- B increases profitability
- C reduces gearing
- D reduces reserves

- 18 What could make financial statements **less** reliable for users?

- 1 a disclosure of changes in accounting policies
- 2 an irrecoverable debt not written off
- 3 revaluation of assets

- A 1, 2 and 3      B 1 and 2 only      C 1 and 3 only      D 2 only