

- 14** Charlie and Daphne are in partnership, sharing profits and losses in the ratio 2:1. Their fixed capital account balances at 31 December 2019 were \$20 000 and \$13 000 respectively.

They changed the terms of the partnership on 1 January 2020 to introduce interest on capital at the rate of 10% per annum.

Which effect did this change have on Charlie's **total** share of profit for the year ended 31 December 2020?

- A** decrease of \$200
- B** decrease of \$700
- C** increase of \$200
- D** increase of \$700

- 15** What will be debited in the appropriation account of a partnership?

- 1 interest on partners' drawings
- 2 interest on the partner's loan
- 3 salaries of partners
- 4 partners' share of goodwill written off

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

- 16** A company made a rights issue of ordinary shares at a premium.

How will this be treated in the financial statements?

- 1 as equity in the statement of financial position
- 2 as a movement in the statement of changes in equity
- 3 as a non-current liability in the statement of financial position

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