

**15** L and M are in partnership.

Which item should appear in the partnership appropriation account?

- A** additional capital contributed by M
- B** cash drawings of L and M during the year
- C** salary due to L
- D** salary paid to M's wife

**16** A company is set up with an authorised share capital of \$3 million.

It plans to purchase immediately a factory for \$1 million. Preliminary expenses will be \$100 000 and the immediate requirement for working capital will be \$800 000. It will also require new equipment costing \$600 000 in 12 months time.

What is the minimum amount the company needs to raise now?

- A** \$1 000 000      **B** \$1 900 000      **C** \$2 500 000      **D** \$3 000 000

**17** At 1 January 2009 the capital structure of a company was as follows.

	\$
issued share capital 100 000 ordinary shares of \$1 each	100 000
share premium account	30 000

On 1 April 2009 the company made a rights issue of 20 000 shares of \$1 each for \$36 000.

On 1 June 2009 a bonus issue of one share for every six in issue was made. The share premium account was used for this purpose.

What is the balance on the share premium account at 31 December 2009?

- A** \$26 000      **B** \$34 000      **C** \$46 000      **D** \$56 000

**18** When is a share premium account opened?

- A** when shares are issued at a price above nominal value
- B** when shares are redeemed by the company at a premium
- C** when shares are sold by a shareholder at a price above their nominal value
- D** when the company issues bonus shares