

12 The provisions of the Partnership Act apply if partners do **not** draw up a partnership agreement.

Which statement is true as a provision of the Partnership Act?

- A** Interest on drawings is charged at 5% a year.
- B** Interest on loans from partners is to be at 8% a year.
- C** Partners are not entitled to salaries.
- D** Profits are to be shared in the ratio of fixed capitals.

13 The following information about the financial statements of a partnership is given.

	\$
profit from operations	160 000
interest on bank loan	14 000
interest credited to capital accounts	15 000
drawings	70 000
partnership salaries	24 000

What is the remaining balance of profits to be appropriated amongst the partners?

- A** \$66 000 **B** \$107 000 **C** \$121 000 **D** \$137 000

14 X and Y are in partnership. Z was admitted to the partnership on 1 July 2018.

It was also agreed that at that date:

- 1 Assets of the partnership would be valued upwards by \$48 000.
- 2 Value of goodwill would be \$20 000, but no goodwill account would be retained in the books of account.
- 3 Z would introduce \$80 000 cash.
- 4 Profit and loss sharing ratio would be X, Y and Z, 2 : 1 : 1 respectively.

What was Z's capital account balance immediately after the admission?

- A** \$63 000 **B** \$75 000 **C** \$87 000 **D** \$97 000

15 Which statement is **not** correct?

- A** Bonus shares can be issued from capital reserves.
- B** Bonus shares can be issued from revenue reserves.
- C** Dividends can be paid from capital reserves.
- D** Dividends can be paid from revenue reserves.