

- 14** Z is admitted as a new partner in the partnership of X and Y. He brings the following into the business.

	\$
cash	20 000
inventory	6 000
vehicle	11 000

Interest on capital is calculated at 10% per annum. There is no goodwill on Z's admission.

What is Z's interest on capital per annum?

- A** \$1700 **B** \$2000 **C** \$3100 **D** \$3700

- 15** L and M are in partnership sharing the profits equally. No goodwill account is maintained in the accounts. N joins the partnership and pays \$30 000 cash for his share of the goodwill.

Profits are to be shared equally between L, M and N.

What are the increases in the capital accounts on the admission of N into the partnership?

	capital accounts		
	L \$	M \$	N \$
A	10 000	10 000	10 000
B	—	—	30 000
C	15 000	15 000	—
D	—	—	—

- 16** During the year a business issued \$1 ordinary shares at \$1.20 each. The directors proposed a final dividend at the end of the year.

Which balances in the statement of changes in equity were affected by these transactions?

	ordinary share capital	share premium	general reserve	retained earnings
A	✓	✓		
B	✓	✓		✓
C	✓		✓	
D	✓			✓