

- 18** 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 will be Z's interest on capital?

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

- 19** Radis Limited pays dividends on ordinary shares in the range of 8% to 12% each year.

The current dividend is \$20 000. The directors do not wish to increase this by more than 25% in the coming year.

There are currently 400 000 ordinary shares of \$0.50 each in issue. The company now wishes to issue more shares.

What is the maximum number of shares it can issue while keeping its dividend in the usual range?

- A** 8333 shares
B 16 667 shares
C 12 500 shares
D 225 000 shares

- 20** Why are debentures usually secured on a company's assets?

- A** so that debenture holders can be certain of receiving their interest
B so that debenture holders can receive the profits earned by the use of those assets
C to enable debenture holders to get their money back if the business is sold
D to entitle debenture holders to vote at the Annual General Meeting