

- 16** L and M are in partnership, sharing profits and losses in the ratio of 3 : 2 respectively.

The following information was available at year end.

	L \$	M \$	
capital	200 000	150 000	interest on capital 8%
drawings	30 000	20 000	interest on drawings 5%
partners' salaries	22 000	17 000	

The residual profit shared by L was \$24 000.

What was the profit for the year before appropriation?

- A** \$48 500 **B** \$88 500 **C** \$104 500 **D** \$109 500

- 17** Which statements about debenture interest are correct?

- 1 Interest percentage rate will always be higher than dividend per share.
- 2 Interest will be deducted in the statement of changes in equity.
- 3 Interest will be paid before ordinary shareholder dividends.
- 4 Interest will be paid even if the company records a loss.

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