

- 17** Hilary and Lee commenced in partnership on 1 January 2005. There was no partnership agreement concerning the division of interest on the loan or of profits.

	Hilary \$	Lee \$
capital contributions	5000	600
loan to partnership	—	1000

At the year end, 31 December 2005, net profit before the loan interest was \$8850.

What would be Hilary's share of the profit?

- A** \$4400 **B** \$4425 **C** \$4800 **D** \$4827

- 18** An extract from the accounts of a manufacturing company shows:

	\$
direct factory labour	476 200
indirect factory labour	52 470
factory supervisor's salary	18 200
opening stock of raw materials	21 500
heat, light and power	22 600
purchases of raw materials	184 300
depreciation charge for factory machinery	16 700
factory cleaning costs	18 300
closing stock of raw materials	17 900

What is the prime cost of production?

- A** \$660 500 **B** \$664 100 **C** \$680 800 **D** \$716 570

- 19** A director-owned company needs additional funds.

Which method of finance might lead to a reduction of the director's control of the business?

- A** bank loan
B debenture
C ordinary share issue
D preference share issue