

- 2 (a) (i) Describe **three** different types of preference share.

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.....[6]

- (ii) State the **major** differences between ordinary shares, preference shares and debentures.

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On 1 October 2001 Manny Kyoor and his wife formed a limited company, Kyoor Ltd, to run a beautician's business, and each paid in \$37 500 as share capital. The bank loaned the company a further \$80 000 at 9% interest per annum.

At 30 September 2002 the business's final accounts were drawn up as follows:

Trading and Profit and Loss Account for the year ended 30 September 2002

Sales and fees		\$350 000
less Cost of Sales		
Stock bought 1 October 2001	\$31 500	
Purchases	<u>\$280 000</u>	
	\$311 500	
Stock at 30 September 2002	<u>\$66 500</u>	<u>\$245 000</u>
Gross Profit		\$105 000
less Expenses		
Rent and Rates	\$3 950	
Advertising	\$1 750	
Wages	\$29 000	
Heat and Light	\$5 250	
Interest due	\$7 200	
Depreciation	<u>\$12 000</u>	<u>\$59 150</u>
Net Profit		<u><u>\$45 850</u></u>