

- 17 Yasmin and Zara are in partnership, sharing profits and losses in the ratio 3 : 2 respectively after providing Zara with a partnership salary of \$8000 per annum.

During the partnership's first year of trading, Yasmin's drawings totalled \$11 500 and the partnership made a profit of \$7000 before appropriation.

What was the closing debit balance on Yasmin's current account?

- A \$7300 B \$10 900 C \$11 900 D \$12 100

- 18 A company is planning to invest funds in a project. Current interest rates are high and the company wishes to avoid a change in the control of shareholders.

Which method should the company use to fund the project?

- A a bonus issue
B a fully subscribed rights issue
C an issue of debentures
D a new issue of shares

- 19 A company's statement of financial position at the beginning of the financial year on 1 January is shown.

	\$
issued share capital	2 000 000
share premium	500 000
revaluation reserve	300 000
general reserve	150 000
retained earnings	1 600 000

The profit for the year ended 31 December was \$680 000.

During the year, the following took place:

- an issue of 500 000 ordinary shares of \$1 each at a price of \$2.50 each
- an upward revaluation of non-current assets of \$250 000
- a transfer of \$100 000 from retained earnings to general reserve
- a payment of ordinary dividends of \$125 000.

What was the **increase** in the company's equity and reserves for the financial year ended 31 December?

- A \$1 305 000 B \$1 955 000 C \$2 055 000 D \$2 180 000