

- 17** A business sells some inventory for \$80 on credit. This originally cost \$50.

How does this affect the statement of financial position?

	current assets	owner's capital
A	decrease by \$30	decreases by \$30
B	decrease by \$30	increases by \$30
C	increase by \$30	decreases by \$30
D	increase by \$30	increases by \$30

- 18** A vehicle is sold for \$1000. It had cost \$6000 and \$2800 depreciation had been provided on it.

What is the profit or loss on disposal?

- A** loss \$2200
- B** loss \$4200
- C** profit \$2200
- D** profit \$4200

- 19** A company has ordinary shares of \$1 each. Each year it pays a dividend of 10% of the nominal value of the shares.

It now wishes to raise a further \$120 000 by an issue of shares. This would bring in additional profit of \$10 000 and dividends paid would increase by \$2500 a year.

At which price should the company issue the new shares to maintain the percentage of dividend?

- A** \$1.00 **B** \$1.20 **C** \$1.60 **D** \$4.80

- 20** An extract from a statement of financial position is as follows.

	\$
ordinary share capital	50 000
general reserve	10 000
retained earnings	4 000
10% debentures	20 000

What is the value of the shareholders' funds?

- A** \$50 000 **B** \$54 000 **C** \$64 000 **D** \$80 000