

16 A company's equity is made up as shown.

	\$
100 000 ordinary shares of \$0.25 each	25 000
share premium	3 000
retained earnings	8 000

The following took place.

- 1 A bonus issue of one ordinary share for every five held was made.
- 2 Six months later a rights issue of one ordinary share for every four held was made. The shares were issued at \$0.30 each.

By how much did the company's equity increase as a result of these transactions?

- A** \$5000 **B** \$6000 **C** \$7500 **D** \$9000

17 Which statement about ordinary shares is correct?

- A** dividends on ordinary shares are an appropriation of profit
B dividends on ordinary shares are paid at the same rate each year
C ordinary shares are never issued at a premium
D the holders of ordinary shares are creditors of a company

18 Who are internal users of accounting information?

- A** customers
B directors
C lenders
D shareholders