

19 A company's capital is

	\$
ordinary shares of \$1.00 each	200 000
share premium account	80 000
revenue reserves	160 000

Changes now to be made (in the order given)

- A one for one bonus issue
- A rights issue of 100 000 ordinary shares of \$1.00 each at \$1.40 per share

The company wishes to maximise the amounts available to pay dividends.

What will be the ordinary capital and reserves of the company?

	ordinary share capital \$	share premium \$	revenue reserves \$
<b>A</b>	500 000	40 000	40 000
<b>B</b>	500 000	80 000	nil
<b>C</b>	540 000	nil	40 000
<b>D</b>	540 000	40 000	40 000

20 A company's sales are made evenly over a year (360 days). 10 % of the sales are for cash. The debtor balance is \$26 700 and the debtor collection period is 30 days.

What are the total sales (cash and credit) for the year?

**A** \$320 400      **B** \$356 000      **C** \$801 000      **D** \$890 000

21 A business has a gross profit to sales ratio of 40 %, and a net profit to sales ratio of 10 %.

If the sales volume increases by 8 % which of the following will generally be true?

	gross profit to sales ratio	net profit to sales ratio
<b>A</b>	increase	decrease
<b>B</b>	increase	increase
<b>C</b>	unchanged	decrease
<b>D</b>	unchanged	increase