

- 18** The equity section of the statement of financial position of a limited company at 1 January is shown.

|                             | \$             |
|-----------------------------|----------------|
| ordinary shares of \$2 each | 450 000        |
| retained earnings           | <u>150 000</u> |
|                             | 600 000        |

On 28 February, the company made a rights issue of 1 new share for every 3 existing shares held at a premium of \$1.50 per share. The rights issue was fully subscribed.

How much cash was received from the rights issue?

- A** \$112 500      **B** \$225 000      **C** \$262 500      **D** \$525 000
- 19** Which stakeholders use the financial statements to assess whether a company is a reasonable credit risk?
- A** customers  
**B** employees  
**C** government  
**D** suppliers
- 20** Which statements describe the limitations of accounting information?
- 1 Businesses in the same industry may use different accounting policies.
  - 2 Non-monetary aspects of a business are excluded from financial statements.
  - 3 Results of accounting ratios are based on the use of historic cost.
- A** 1, 2 and 3      **B** 1 and 2 only      **C** 1 and 3 only      **D** 2 and 3 only
- 21** A company provided the following information at the end of its first year of trading.

|                                | \$     |
|--------------------------------|--------|
| cash sales                     | 9 000  |
| credit sales                   | 27 000 |
| receipts from credit customers | 24 000 |
| trade receivables at year end  | 4 100  |

What was the trade receivables turnover?

- A** 42 days      **B** 46 days      **C** 56 days      **D** 63 days