

- 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