

20 A company has an authorised capital of \$1 000 000.

Which statement must be true?

- A** The company must issue \$1 000 000 in shares.
- B** The company must not issue more than 1 000 000 shares.
- C** The shares issued must not exceed \$1 000 000.
- D** The shares and debentures must not exceed \$1 000 000.

21 Which adjustment will result in an increase in a company's stated profit?

- A** amortisation of Goodwill
- B** application of reserves for the issue of bonus shares
- C** capitalisation of development costs
- D** upward revaluation of fixed assets

22 The following information is taken from a Balance Sheet.

	\$
stocks	4950
debtors	7400
cash at bank and in hand	2500
bank overdraft	1000
other short-term creditors	4500

What is the quick (acid test) ratio?

- A** 1.8 : 1 **B** 2.2 : 1 **C** 2.7 : 1 **D** 3.5 : 1

23 The following items appear on a Balance Sheet.

	\$
stock	10 000
provision for doubtful debts	2 000
cash and bank	4 000
creditors	10 000

The current ratio is 2 : 1.

How much are the debtors?

- A** \$4000 **B** \$6000 **C** \$8000 **D** \$10 000