

**17** Which row correctly shows an example of a capital reserve and an example of a revenue reserve?

	capital reserve	revenue reserve
<b>A</b>	general reserve	retained earnings
<b>B</b>	retained earnings	revaluation reserve
<b>C</b>	revaluation reserve	share premium
<b>D</b>	share premium	general reserve

**18** On 1 January a company makes a bonus issue of 10 000 ordinary shares of \$0.50 each. During the year it makes a rights issue of 15 000 ordinary shares for \$0.60 each.

What is the effect of these in the statement of financial position?

	share capital and reserves increase \$	current assets increase \$
<b>A</b>	9 000	9 000
<b>B</b>	9 000	12 500
<b>C</b>	14 000	9 000
<b>D</b>	14 000	14 000

**19** An accounting student made the following statements about the requirements of different users of the accounting information of a company.

- 1 the government wants to assess the company's return on capital employed
- 2 suppliers want to know if the company is financially stable
- 3 managers use the information for planning and control purposes
- 4 lenders want to know whether the business is able to pay dividends

Which statements are correct?

- A** 1, 2 and 3      **B** 1 and 4      **C** 2, 3 and 4      **D** 2 and 3 only