

18 A company's balance sheet shows:

	\$
share capital ordinary shares of \$10 each	100 000
general reserve	60 000
profit and loss account (credit)	210 000

The company pays a dividend of \$70 000, makes a bonus issue of 5000 ordinary shares and raises a debenture loan of \$120 000.

What will be the total of share capital and reserves after these transactions are completed?

- A** \$250 000 **B** \$300 000 **C** \$350 000 **D** \$420 000

19 Which actions would increase the liquidity (acid test or quick) ratio of a business in the short term?

- 1 debtors paying their debts
- 2 paying creditors
- 3 selling a number of surplus fixed assets
- 4 selling stock

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

20 A company produces the following information concerning stock turnover (rate of stock turn).

year 1	average stock	\$60 000
	stock turnover	10 times
year 2	average stock	double last year
	cost of goods sold	increased to \$960 000

What will be the stock turnover in year 2?

- A** 8 times **B** 10 times **C** 16 times **D** 20 times