

19 A company's Balance Sheet shows the following balances:

	\$
ordinary shares of \$1 each	100 000
share premium	10 000
Profit and Loss	48 000
bank balance	50 000

A 1 for 4 bonus issue takes place, leaving the reserves in the most useful form.

What are the new account balances?

	Share Premium \$	Profit and Loss balance \$	Bank \$
A		33 000	50 000
B		33 000	75 000
C	10 000	23 000	50 000
D	10 000	23 000	75 000

20 A business calculated that its quick (acid test) ratio is lower this year than last year.

What caused the reduction in the ratio?

- A** an increase in creditors
- B** an increase in stock
- C** an increase in debtors
- D** an increase in bank

21 The gross profit ratio of a business has increased.

Which statement is correct?

- A** purchases have been obtained at reduced cost
- B** sales have increased
- C** sales returns have decreased
- D** stocks have decreased