

16 On 1 December 2019 a company's statement of financial position included the following.

	\$
ordinary shares of \$5 each	2 500 000
share premium	850 000
retained earnings	710 000

2019	
15 December	paid an ordinary share interim dividend of \$0.15 per share
23 December	made a bonus issue of 25 000 ordinary shares

Reserves were kept in their most flexible form.

What were the balances on the revenue reserves and capital reserves accounts after these transactions?

	revenue reserves \$	capital reserves \$
A	335 000	725 000
B	335 000	825 000
C	635 000	725 000
D	635 000	825 000

17 A business sells goods at a uniform mark-up of 25%.

The following information is available.

	\$
sales revenue	120 000
opening inventory	18 000
purchases	95 000
returns outwards	2 000

What is the value of closing inventory?

A \$15 000 **B** \$19 000 **C** \$21 000 **D** \$25 000