

16 A business does not keep proper accounting records.

The following information is available at the start of the year.

- 1 a motor car valued at \$2500
- 2 stocks which cost \$4000 with a sale value of \$6000
- 3 bank overdraft of \$500
- 4 a loan to a friend from the business bank account \$1000

What is the Capital account balance at the start of the year?

- A** \$5000 **B** \$7000 **C** \$8000 **D** \$9000

17 Which statements are true about debentures and ordinary shares?

	debentures	ordinary shares
A	can be issued at a premium	are never issued at a premium
B	holders are owners of a company	holders are creditors of a company
C	interest is a charge against profit	dividends are an appropriation of profit
D	interest varies from year to year	dividends are paid at the same rate each year

18 A company makes a 1 for 4 bonus issue of ordinary shares.

What will happen to share capital and shareholders funds?

	share capital	shareholders funds
A	increased by 25 %	decreased by 25 %
B	increased by 25 %	increased by 25 %
C	increased by 25 %	no change
D	no change	increased by 25 %