

15 What could be used to fund a bonus issue of shares?

- 1 asset revaluation reserve
- 2 general reserve
- 3 retained earnings
- 4 share premium

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

16 An investor owns 10 000 5 % preference shares in Howdo Limited.

One year Howdo does not have enough profits to pay the preference dividend.

The investor is not too worried as he expects the profits to improve and he thinks the directors will pay the missed dividend the following year.

Which type of preference shares does the investor own?

- A** cumulative
- B** non-cumulative
- C** participating
- D** redeemable

17 A balance sheet shows the following information.

	\$
100 000 ordinary shares of \$0.50 each	50 000
50 000 5 % preference shares of \$0.10 each	5 000
share premium	10 000
revaluation reserve	20 000
retained earnings	35 000
	<u>120 000</u>

What is the balance sheet value of one ordinary share?

- A** \$0.50
- B** \$1.00
- C** \$1.15
- D** \$1.20