

- 19 What is the effect on a company's balance sheet of issuing bonus shares?
- A the bank balance will be increased
 - B the long term liabilities will be increased
 - C the reserves will be reduced
 - D the share capital will be reduced
- 20 A company, with an existing issued share capital of 200 000 ordinary shares of \$0.50 each, made a one for four bonus issue. This was later followed by a one for two rights issue at \$1.20 per share.

What will be the balance on the share capital account after these transactions?

- A \$125 000 B \$187 500 C \$270 000 D \$375 000
- 21 Which ratio indicates how efficiently a company controls its overheads?
- A current assets / current liabilities
 - B gross profit / sales
 - C net profit / sales
 - D sales / capital employed
- 22 The following information has been taken from a recent balance sheet.

fixed assets	\$30 000
working capital ratio	5 : 1
capital	\$34 000
current liabilities	\$1000

What is the amount of the current assets?

- A \$1000 B \$5000 C \$6000 D \$20 000