

- 16 An extract from a company's balance sheet shows the following.

	\$000
issued ordinary shares of \$0.25 each	600
share premium account	150
retained profits	300

The company makes a rights issue of one new ordinary share for each three held, at a price of \$0.30 per share. All shares were taken up.

What does the new balance sheet show?

	issued ordinary share capital \$000	share premium \$000
A	600	120
B	800	150
C	800	190
D	800	600

- 17 A company's Balance Sheet at 31 December 2008 includes:

	\$
Ordinary shares of \$1.00	12 000
Profit and Loss Account	4000

In January 2009, the company made a bonus issue of one share for every four held.

In June 2009, the company made a rights issue at \$1.60 of one share for every two held.

By how much did these transactions increase the company's bank balance?

- A** \$9600 **B** \$12 000 **C** \$12 800 **D** \$19 200

- 18 Which transaction would increase the current assets of a business?

- A** paying creditors \$750 cash
B purchasing a fixed asset on credit for \$5000
C purchasing stock on credit for \$1000 and selling immediately for \$2000 cash
D selling stock of \$1000 at cost price on credit