

16 How should the revaluation of a fixed asset be treated in a cash flow statement?

- A** It should be included in the cash flow from financing activities.
- B** It should be included in the cash flow from investing activities.
- C** It should be included in the cash flow from operations.
- D** It should **not** be included in the cash flow statement.

17 For which purpose can a Share Premium account legally be used?

- A** to make a rights issue
- B** to pay an ordinary dividend
- C** to repay debentures
- D** to write off preliminary expenses

18 A company's Balance Sheet as at 31 December 2001 included:

	\$
ordinary shares of \$0.50 each, fully paid	320 000
cash at bank	100 000

The following then took place:

February 2002	A one-for-two rights issue of ordinary shares of \$0.50 each at \$1.10. The issue was fully subscribed.
April 2002	A bonus issue of one for four ordinary shares of \$0.50 each.

Assume no other transactions took place between 31 December 2001 and 30 April 2002.
What were the balances of the Ordinary Share Capital and Bank accounts on 30 April 2002?

	Ordinary Share Capital \$	Bank \$
A	600 000	452 000
B	600 000	572 000
C	840 000	452 000
D	840 000	620 000