

**19** What will increase the working capital and net assets and reserves of a company?

- A** a bonus issue of shares
- B** a debenture issue
- C** an issue of shares at a premium
- D** an issue of shares at nominal value

**20** At 1 January 2005 the capital structure of S Limited was as follows.

	\$
issued share capital 100 000 ordinary shares of \$1 each	100 000
share premium account	30 000

On 1 April 2005 the company made an issue of 20 000 shares for \$36 000.

On 1 June 2005 a bonus issue of one share for every six in issue was made. The share premium account was used for the purpose.

What is the balance on the share premium account at 31 December 2005?

- A** \$26 000      **B** \$34 000      **C** \$46 000      **D** \$56 000

**21** A newly formed company issues

1 000 000 ordinary shares of \$1 at \$2.50 each  
\$300 000 5 % debentures.

Operating profit for the year was \$465 000.

The directors recommend an 8 % ordinary dividend for the year.

What is the retained profit for the year?

- A** \$250 000      **B** \$370 000      **C** \$385 000      **D** \$400 000

**22** A company has issued 80 000 shares of \$0.50 each. These are quoted on the stock exchange at \$1.60 each. The company makes a rights issue on a 1 for 4 basis at a price of \$1.20 each.

What is the balance on the Share Capital account after the rights issue?

- A** \$50 000      **B** \$100 000      **C** \$120 000      **D** \$160 000