

- 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
<b>A</b>	600	120
<b>B</b>	800	150
<b>C</b>	800	190
<b>D</b>	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