

**16** A company's equity is made up as shown.

	\$
100 000 ordinary shares of \$0.25 each	25 000
share premium	3 000
retained earnings	8 000

The following took place.

- 1 A bonus issue of one ordinary share for every five held was made.
- 2 Six months later a rights issue of one ordinary share for every four held was made. The shares were issued at \$0.30 each.

By how much did the company's equity increase as a result of these transactions?

- A** \$5000      **B** \$6000      **C** \$7500      **D** \$9000

**17** Which statement about ordinary shares is correct?

- A** dividends on ordinary shares are an appropriation of profit  
**B** dividends on ordinary shares are paid at the same rate each year  
**C** ordinary shares are never issued at a premium  
**D** the holders of ordinary shares are creditors of a company

**18** Who are internal users of accounting information?

- A** customers  
**B** directors  
**C** lenders  
**D** shareholders