

- 16 A company made a bonus issue of one ordinary share for every five ordinary shares held.

What is the effect on share capital and reserves and net assets?

	share capital and reserves	net assets
A	increase	increase
B	increase	no change
C	no change	increase
D	no change	no change

- 17 At the end of its first year of trading, a company provided the following information.

	paid during the year \$	at the year end \$
dividends	3 000	5 800 proposed
debenture interest	4 000	1 600 accrued
directors' salaries	10 800	nil

By how much do these items reduce the profit for the year?

- A** \$13 200 **B** \$14 400 **C** \$16 400 **D** \$19 400

- 18 M Limited has the following balances at 1 January 2021.

	\$
ordinary share capital 500 000 shares of \$0.50 each	250 000
share premium	10 000
general reserve	40 000
retained earnings	50 000

During the year ended 31 December 2021:

- 1 an interim dividend of \$0.02 per share was paid
- 2 there was a transfer of \$20 000 to the general reserve.

For the year ended 31 December 2021, the company made a profit for the year of \$80 000.

What is the maximum **additional** dividend payable per ordinary share for the year ended 31 December 2021?

- A** \$0.20 **B** \$0.22 **C** \$0.32 **D** \$0.34