

16 When is a share premium account opened?

- A** when shares are issued at a price above nominal value
- B** when a bonus issue is made
- C** when shares are sold at a premium by shareholders
- D** when shares have a market value above cost at the year end

17 A company has ordinary share capital of \$80 000. Each share has a nominal value of \$0.25.

A dividend of \$0.06 per share is paid.

What is the total dividend paid?

- A** \$1200 **B** \$4800 **C** \$15 200 **D** \$19 200

18 On 1 January 2016, a company's total equity was \$56 000.

The company made a profit for the year of \$13 000, and paid a dividend of \$2000.

At the year end, \$5000 was transferred to the general reserve and the directors proposed a final dividend of \$4000.

What was the total equity on 31 December 2016?

- A** \$58 000 **B** \$62 000 **C** \$67 000 **D** \$68 000

19 Which action would increase a company's current ratio?

- A** paying rent in advance
- B** receiving money from trade receivables
- C** repaying a long-term loan
- D** selling non-current assets

20 The following information relating to motor vehicles for a business is available.

All motor vehicles were purchased 10 years ago at a total cost of \$500 000. They currently have a total net book value of \$100 000. There has been no sale of motor vehicles during the period.

How has depreciation been calculated on these motor vehicles?

- A** 8% per annum using the reducing balance method
- B** 8% per annum using the straight-line method
- C** 20% per annum using the reducing balance method
- D** 20% per annum using the straight-line method