

Limited Companies - 2

1 Which item would be entered in a statement of changes in equity?

- A debenture interest accrued
- B debenture interest paid
- C ordinary dividend paid
- D ordinary dividend proposed

2 A limited company provided the following information.

		\$
January 1	ordinary shares of \$1 each	200 000
	retained earnings	12 000
December 31	profit for the year	43 000
	transfer to general reserve	10 000

A dividend of 10% on ordinary shares was paid during the year.

What were the retained earnings on 31 December?

- A** \$13 000 **B** \$23 000 **C** \$25 000 **D** \$35 000

3 Which statement applies to preference shareholders?

- A They are members of the company.
- B They are usually entitled to vote.
- C They get a fixed percentage of the profit each year.
- D They get a fixed rate of interest each year.

4 RST Limited provided the following information.

	\$
retained profits at 1 January 2013	200 000
general reserve at 1 January 2013	48 000
profit for the year ended 31 December 2013	102 000
ordinary share dividends paid	24 000
transfer to general reserve	20 000

What was the value of retained profits at 31 December 2013?

- A** \$58 000 **B** \$142 000 **C** \$258 000 **D** \$306 000

- 5 BCD Limited provided the following information.

	\$
ordinary shares	300 000
retained earnings	200 000
debentures	170 000

How much was the equity and the capital employed?

	equity \$	capital employed \$
A	300 000	470 000
B	300 000	670 000
C	500 000	470 000
D	500 000	670 000

- 6 A limited company has an issued share capital of 100 000 ordinary shares of \$1 each of which 50 000 are fully paid. There are also debentures of \$2000.

On 1 January 2012 the retained profits were \$2500. Profit retained for the year ended 31 December 2012 was \$1600.

What was the total of the shareholders' funds on 31 December 2012?

- A** \$54 100 **B** \$56 100 **C** \$104 100 **D** \$106 100

- 7 Owusu Ltd was formed with an authorised share capital of 1 000 000 ordinary shares of \$0.80 each. It issued 60% of these on 1 April 2013, with half the value being paid immediately and half to be paid a year later.

What was the value of the issued capital and called up capital on 1 April 2013?

	issued capital \$	called up capital \$
A	240 000	240 000
B	480 000	240 000
C	480 000	480 000
D	600 000	300 000

- 8 The issued share capital of DX Ltd consists of ordinary shares.

The retained earnings were \$45 000 on 1 January 2011. These had increased to \$75 000 on 31 December 2011. The company earned a profit for the year of \$80 000.

What was the total ordinary share dividend for the year?

- A** \$30 000 **B** \$35 000 **C** \$45 000 **D** \$50 000

- 9 What is a feature of preference shares?
- A The annual dividend is a fixed percentage of the profit of the company.
 - B The capital is returned before ordinary share capital if the company closes down.
 - C The holders are usually entitled to attend and vote at shareholders' meetings.
 - D The percentage of dividend varies according to the profit of the company.
- 10 Which group of items would appear in the capital and reserves section of a limited company balance sheet?
- A ordinary share capital, debentures, retained earnings
 - B ordinary share capital, ordinary share dividend, preference share capital
 - C preference share capital, ordinary share capital, debentures
 - D preference share capital, ordinary share capital, retained earnings
- 11 A limited company provided the following information:

	\$
issued share capital – 50 000 ordinary shares of \$1 each	50 000
profit for the year ended 30 June 2010 before appropriations	13 000
transfer to general reserve on 30 June 2010	6 000
interim ordinary share dividend paid during the year	3 000

On 30 June 2010 it was decided to use the remaining profit to pay a final ordinary share dividend.

What percentage final dividend would the ordinary shareholders receive?

- A 8% B 14% C 20% D 26%