

**22** X Limited and Y Limited both started trading on 1 January 2001.

Each year, both businesses had a profit from operations of \$20 000.

On 31 December 2013 retained earnings were as follows:

	\$
X Limited	145 000
Y Limited	95 000

Which statement explains the difference?

- A** X Limited has transferred higher amounts to general reserve.
- B** X Limited pays a higher dividend per share.
- C** Y Limited has fewer shares in issue.
- D** Y Limited has a higher level of debt.

**23** Who will be most interested in a business maximising its profitability?

- A** customers
- B** general public
- C** investors
- D** suppliers

**24** A company's sales revenue has increased by 40% in a period, but its gross profit has only increased by 30%.

Which factors could explain this?

- 1 a decrease in the cost of sales
- 2 a decrease in selling price per unit
- 3 an increase in administration expenses
- 4 an increase in purchase price per unit

- A** 1 and 2      **B** 2 and 3      **C** 2 and 4      **D** 3 and 4

**25** What will cause under-absorption of fixed production overheads?

- A** absorption of overheads is based on actual expenditure and actual activity
- B** actual activity is above budgeted activity
- C** actual activity is below budgeted activity and actual expenditure is as budgeted
- D** actual expenditure on overheads is below budget expenditure