

22 A company wants to increase its return on capital employed in the short term.

Which course of action will achieve this?

- A** invest in new plant and machinery
- B** reduce the level of dividends paid to investors
- C** reduce the level of overhead expenses
- D** revalue freehold land and buildings upwards

23 What would increase the working capital (current) ratio of a business?

- A** buying stock on credit for \$2000 and selling immediately for \$3000 cash
- B** paying creditors \$1000 cash
- C** purchasing a fixed asset of \$10 000 on credit
- D** selling stock of \$1000 at cost price on credit

24 The following relates to a business.

	days
debtor's collection period	26
creditor's payment period	34
rate of stock turnover	33

What is the business's working capital cycle?

- A** 25 days **B** 27 days **C** 59 days **D** 93 days

25 Which item is a fixed cost?

- A** factory rent
- B** maintenance of machinery
- C** postage and stationery
- D** sales commission