20 Which ratio indicates how efficiently a company controls its overheads?

A current ratio

B gross margin

C profit margin

D trade receivables turnover

21 A company produces the following information.

profit from operations	98 000
profit for the year	91 000
equity at the end of the year	500 000
long-term bank loan	150 000

What is the return on capital employed?

A 14% **B** 15.08% **C** 18.2% **D** 19.6%

22 A business provided the following information.

budgeted overheads	$20 000
budgeted direct labour hours	2000
direct labour rate	$20 per hour

A job used materials costing $45 and 6 hours of direct labour.

Overheads are charged on the basis of direct labour hours used.

What was the cost of the job before adding any profit?

A $165 **B** $175 **C** $180 **D** $225

23 What is a reason for overhead absorption in a manufacturing business?

A to control overhead expenditure

B to determine the net realisable value of inventory

C to enable overheads to be apportioned to cost centres

D to establish costs per unit of product