

**18** The financial data relates to two businesses.

	X	Y
trade receivable turnover (days)	90	40
trade payable turnover (days)	50	70
liquid (acid test) ratio	3 : 1	1 : 1
current ratio	4.5 : 1	6.2 : 1

Which statement about the comparison of the two businesses' performance is correct?

- A** X has better credit control system.
- B** X has higher profitability.
- C** Y has better credit control system.
- D** Y has higher profitability.

**19** A company's financial statements show the following.

	\$
profit before interest	125 378
profit for the year	120 426
200 000 ordinary shares \$1 each	200 000
retained earnings	191 982
debentures	150 000

What is the return on capital employed (ROCE)?

- A** 22.22%      **B** 23.13%      **C** 30.72%      **D** 31.99%

**20** A company's income statement shows the following.

	\$
revenue	460 000
cost of sales	120 000
administration expenses	54 000
distribution costs	47 000
finance charges	7 000

What is the operating expenses to revenue ratio?

- A** 21.96%      **B** 23.48%      **C** 48.04%      **D** 49.57%