

23 The profit margins of a company over two years showed the following.

	31 March year 1	31 March year 2
gross profit margin	37.2%	39.1%
net profit margin	12.2%	11.8%

Which combination of factors could have caused these changes?

- A** a change in the combination of goods sold leading to lower selling costs
- B** a loss of trade discounts on purchases but an increase in cash discounts taken from suppliers
- C** an advertising campaign to promote higher sales leading to higher selling prices
- D** an increase in both production and selling costs

24 The following information has been extracted from the statement of financial position of a limited company.

	\$
6% debenture (2016 – 2018)	20 000
ordinary share capital	
issued – 400 000 ordinary shares of \$1 each	400 000
5% preference shares of \$1 each	200 000
share premium account	50 000
retained earnings	75 000

What is the value of the shareholders' equity?

- A** \$525 000
- B** \$545 000
- C** \$695 000
- D** \$725 000

25 A company has the following items on its statement of financial position.

	\$000
ordinary shares	12 000
10% preference shares	5 000
retained earnings	7 000

The company had made a profit of \$5 000 000 of which \$2 000 000 is paid in dividends, including \$500 000 paid to preference shareholders.

What is the return on capital employed?

- A** 12.5%
- B** 18.75%
- C** 20.83%
- D** 26.32%