

- 20** A company issued 25 000 ordinary shares of \$0.50 each at a premium of 25%. They had a market value of \$1.50 each.

What is the value of ordinary share capital in the statement of financial position?

- A** \$12 500 **B** \$15 625 **C** \$31 250 **D** \$37 500

- 21** A company provides the following information.

	\$
ordinary share capital	50 000
retained earnings at the end of the year	11 000
8% debentures (2020-2022)	15 000
bank overdraft	8 000
profit from operations	17 700
profit for the year	16 500

What is the return on capital employed?

- A** 21.07% **B** 21.71% **C** 23.29% **D** 27.05%

- 22** A business purchases inventory by cash.

Which effects will this have on liquidity ratios?

	current ratio	liquid (acid test) ratio
A	decrease	decrease
B	decrease	increase
C	no change	decrease
D	no change	increase