

18 What is included in the reserves of a limited company?

- A** debentures
- B** ordinary shares
- C** preference shares
- D** share premium

19 Which ratio will help a business assess its ability to meet its immediate cash requirements?

- A** expenses to revenue
- B** liquid (acid test)
- C** non-current asset turnover
- D** return on capital employed

20 The following information for a business was available at the end of its financial year.

	\$
inventory	20 000
bank	8 400 credit
trade receivables	35 000
trade payables	15 000
rent receivable in arrears	3 000

There is also a 5-year bank loan of \$20 000 repayable in equal annual instalments.

What was the current ratio?

- A** 2.12 : 1 **B** 2.88 : 1 **C** 3.52 : 1 **D** 4.43 : 1

21 A manufacturing company pays its production employees basic wages at the same hourly rate every week. It also pays them a bonus based on achieving production targets.

What sort of cost is this an example of?

- A** fixed cost
- B** semi-variable cost
- C** stepped cost
- D** variable cost