

- 19** The following information has been taken from the books of accounts of a limited company for the year ended 31 December 2012.

	\$
bank loan interest for the year	1 650
bank overdraft interest for the year	2 150
ordinary dividends paid during the year	900
8% debenture taken out on 1 October 2012	30 000

What are the total finance costs in the income statement for the year ended 31 December 2012?

- A** \$4400      **B** \$4700      **C** \$5300      **D** \$6200
- 20** A company has 1 000 000 ordinary shares of \$1 issued at \$2.50. It also has a 5% debenture of \$300 000.

Profit from operations for the year was \$465 000.

The directors paid an 8% ordinary dividend during the year.

What is the retained profit for the year?

- A** \$250 000      **B** \$370 000      **C** \$385 000      **D** \$400 000
- 21** The following information was extracted from the books of a trader.

	\$
revenue for the year	126 000
purchases for the year	87 000
opening inventory	9 000
closing inventory	12 000

What is the rate of inventory turnover?

- A** 4 times      **B** 6 times      **C** 8 times      **D** 12 times
- 22** A company wishes to improve its current ratio and its liquid (acid test) ratio.

How can this be done?

- A** increasing discounts to trade receivables  
**B** increasing the provision for doubtful debts  
**C** purchasing additional inventory on credit  
**D** selling non-current assets