

**16** A company has the following:

12 000 ordinary shares of \$1 each

10% debenture \$10 000

It made a loss of \$15 000 for the year ended 31 December 2016.

An interim ordinary dividend of \$0.20 per ordinary share was paid on 30 September 2016.

An ordinary dividend of \$0.40 per ordinary share was proposed at 31 December 2016.

The retained earnings balance in the statement of changes in equity at 31 December 2016 was \$20 000.

What was the retained earnings balance at 1 January 2016?

- A** \$37 400      **B** \$38 400      **C** \$42 200      **D** \$43 200

**17** On 1 May, a trader lost all of his inventory in a fire. He has values for sales and purchases and wishes to calculate the value of the inventory lost.

Which ratio should he use?

- A** gross margin  
**B** profit margin  
**C** trade payables turnover  
**D** trade receivables turnover

**18** The following information was available for a business.

	\$
equity	90 625
non-current liabilities	36 250
profit from operations	24 375
profit for the year	18 125

What was the return on capital employed?

- A** 14.3%      **B** 19.2%      **C** 20%      **D** 26.9%