

19 The table gives information about a company.

	year 1 \$	year 2 \$
revenue	150 000	200 000
cost of sales	<u>105 000</u>	<u>130 000</u>
	45 000	70 000
administration and distribution expenses	<u>27 000</u>	<u>47 500</u>
profit from operations	<u>18 000</u>	<u>22 500</u>
non-current assets	120 000	110 000
net current assets	30 000	40 000
non-current liabilities	(50 000)	(10 000)

What happened to gross profit margin and return on capital employed in year 2?

	gross profit margin	return on capital employed
<b>A</b>	decreased	decreased
<b>B</b>	increased	decreased
<b>C</b>	decreased	increased
<b>D</b>	increased	increased

20 A business turns over its inventory 5 times a year. Average inventory is \$54 000 and sales are made at a mark-up of one-third.

How much are the sales?

**A** \$202 500      **B** \$270 000      **C** \$360 000      **D** \$405 000

21 What is **not** included in the calculation of the liquid ratio (acid test)?

- A** accruals for rent
- B** amounts prepaid for insurance
- C** inventory of finished goods
- D** trade payables