

- 16 An investor owns 5% preference shares in H Limited.

One year H Limited does not have enough profits to pay the preference dividend.

The investor expects the profits to improve and thinks the directors will pay the outstanding dividend in the following year.

Which type of preference shares does the investor own?

- A cumulative
 - B non-cumulative
 - C participating
 - D redeemable
- 17 The following information was taken from the accounting records of a company at 1 January 2020.

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non-current assets at cost	250 000
accumulated depreciation	120 000
trade receivables	42 000
bank overdraft	25 000
cash & cash equivalents	9 000
prepaid expenses	2 000
inventory	17 000
5% debenture (2025)	7 000

What was the **total** capital employed?

- A \$164 000 B \$168 000 C \$171 000 D \$175 000
- 18 A trader has a current ratio of 2 : 1.

Which event would cause this ratio to increase?

- A buying goods for resale on credit
- B buying new machinery on credit
- C converting an overdraft to a long-term loan
- D credit customers paying their account