

19 The profits of Bronte Ltd are:

Year ended 31 December 2010	nil
Year ended 31 December 2011	\$60 000

Bronte Ltd has in issue 200 000 5% preference shares of \$1 each.

What is the profit available for distribution to ordinary shareholders for the year ended 31 December 2011, if the preference shares are (i) cumulative or (ii) non-cumulative?

	(i) Cumulative	(ii) Non - cumulative
A	\$40 000	\$40 000
B	\$40 000	\$50 000
C	\$50 000	\$40 000
D	\$50 000	\$50 000

20 Which statements about debentures and ordinary shares are correct?

	debentures	ordinary shares
A	can be issued at a premium	are never issued at a premium
B	holders are owners of a company	holders are creditors of a company
C	interest is a charge against profit	dividends are an appropriation of profit
D	interest varies from year to year	dividends are paid at the same rate each year

21 A company published the financial statements for the year ending 31 December 2011, an extract of which is detailed below.

	\$
retained earnings at 1 January 2011	90 000
profit for year	10 000
retained earnings at 31 December 2011	100 000
share capital	20 000

What is the return on capital employed based on average capital?

- A** 8.70% **B** 10.00% **C** 11.11% **D** 50.00%