

23 A business has the following assets and liabilities.

| | \$000 | \$000 |
|---------------------------------------|--------------|------------|
| non current (fixed) assets | | 420 |
| inventory (stocks) | 120 | |
| trade receivables (debtors) | 310 | |
| | <u>430</u> | |
| trade payables (creditors) | <u>(220)</u> | |
| net current assets | | <u>210</u> |
| total assets less current liabilities | | 630 |
| long term loan | | (130) |
| net assets | | <u>500</u> |

What is the business's quick (acid test) ratio?

- A** 1.41 : 1 **B** 1.95 : 1 **C** 2.43 : 1 **D** 3.86 : 1

24 The table shows the year end information for three companies.

| company | sales \$ | operating profit as % of all sales | capital employed \$ |
|---------|-------------|---------------------------------------|------------------------|
| X | 500 000 | 15 | 100 000 |
| Y | 200 000 | 8 | 40 000 |
| Z | 400 000 | 10 | 80 000 |

How should the companies rank in order of return on the actual capital employed?

| | return on capital employed | | |
|----------|----------------------------|--------|--------|
| | highest | —————▶ | lowest |
| A | X | Z | Y |
| B | Y | Z | X |
| C | Z | X | Y |
| D | Z | Y | X |