18 The opening inventory for a business was \$60 000. The closing inventory was \$80 000.

Inventory turnover for the year was 10 times.

The gross margin was 30%.

What were the sales for the year?

A \$300 000 **B** \$700 000 **C** \$720 000 **D** \$1 000 000

19 A company had a profit after interest of \$25 000.

Interest charged was \$5000.

The company's statement of financial position showed the following.

	\$
ordinary share capital	100 000
non-redeemable preference shares	50 000
reserves	75 000
debentures (2021–2023)	15 000
bank overdraft	10 000

What was the return on capital employed?

A 10.00% **B** 10.42% **C** 12.00% **D** 12.50%

20 Which statement about the limitations of comparing accounting ratios between similar businesses and over time is correct?

A The ratios are best used when the businesses trade in different markets.

B The ratios are only useful when the businesses have different accounting policies.

C The ratios never explain the cause of difference between the results of the two businesses.

D The ratios always take into account seasonal factors.

21 Which cost is fixed?

A freight charges

B insurance

C piece rate labour cost

D sales commission