

- 18** On 1 January a company had 300 000 ordinary shares of \$1 each and a 10% bank loan of \$100 000. On 1 July the company issued a 6% debenture of \$800 000.

The profit from operations for the year ended 31 December was \$120 000.

The company paid a dividend of \$0.05 per ordinary share during the year.

What was the profit for the year ended 31 December?

- A** \$71 000 **B** \$86 000 **C** \$96 000 **D** \$110 000

- 19** X Limited recorded the following information in its books of account.

- 1 issue of 10 000 ordinary shares of \$1 each at a price of \$1.80
- 2 payment of dividends, \$6200
- 3 transfer to general reserve, \$7500

What was the effect on total revenue reserves?

- A** \$6200 decrease
B \$6700 increase
C \$8000 increase
D \$13 700 decrease

- 20** H Limited uses ratio analysis to analyse its financial performance.

On 31 January 2021 the company prepared draft financial statements before it revalued its premises upwards.

How did this revaluation affect the company's ratios?

| | non-current asset turnover | return on capital employed |
|----------|----------------------------|----------------------------|
| A | decrease | decrease |
| B | decrease | increase |
| C | increase | decrease |
| D | increase | increase |