

- 19** The annual accounts of a business include the following.

	\$
revenue	160 000
opening inventory	10 000
closing inventory	14 000

Inventory turnover is 10 times.

What is the gross profit?

- A** \$20 000      **B** \$40 000      **C** \$60 000      **D** \$120 000
- 20** A company's profit from operations was \$128 000.

Interest payable was \$8000.

The following amounts were included in the company's balance sheet.

	\$
non-current assets	485 000
net current assets	27 000
non current liabilities	80 000

How much is the return on the total capital employed?

- A** 20.3 %      **B** 21.6 %      **C** 23.4 %      **D** 25.0 %
- 21** A business has \$10 000 in the bank and buys inventory for \$6000 paying by cheque.
- What is the effect of this on its current ratio and quick (acid test) ratio?

	current ratio	quick (acid test) ratio
<b>A</b>	decreases	increases
<b>B</b>	decreases	no effect
<b>C</b>	no effect	decreases
<b>D</b>	no effect	no effect