

- 17 A company has ordinary share capital of \$250 000. The ordinary shares have a nominal value of \$0.25 each.

A rights issue is made on the basis of 2 shares for every 5 shares held at a premium of \$0.15.

What is the total amount of capital raised from the rights issue of shares?

- A** \$15 000 **B** \$40 000 **C** \$60 000 **D** \$160 000

- 18 A shareholder sells some shares for less than he paid for them.

What happens to the share capital of the company?

- A** decreases by the nominal value of the shares sold
B decreases by the sales proceeds of the shares sold
C increases by the amount received from the sale of the shares
D remains the same as before

- 19 Which item would result in a decrease in the expenses to revenue ratio?

- A** accrual for telephone
B increase in provision for doubtful debts
C prepayment for rent and rates
D the return of goods sold

- 20 A company provided the following information.

| | \$ |
|------------------------|---------|
| profit from operations | 109 000 |
| interest paid | 12 000 |
| share capital | 250 000 |
| total reserves | 129 000 |
| 5% debentures | 60 000 |

What was the return on capital employed (ROCE) to **two** decimal places?

- A** 22.10% **B** 24.83% **C** 25.59% **D** 28.76%