

20 The following information is available for a limited company at the end of its financial year.

	\$
ordinary shares of \$1 each	400 000
retained earnings (including profit for the year \$94 500)	250 000
8% debenture (2028)	100 000
bank overdraft	20 000

What is the return on capital employed?

- A** 12.27% **B** 12.60% **C** 13.31% **D** 13.67%

21 What is a stepped cost?

- A** It contains both fixed and variable elements.
B It is fixed for a given level of output then increases.
C It is fixed for any level of output.
D It is variable for a given level of output.

22 Which business would use a batch costing system?

- A** a clothing retailer
B a footwear manufacturer
C a stationery wholesaler
D an oil refinery

23 Details of a company's fixed overhead in a period were as follows.

	budgeted	actual
direct labour hours	5000	5500

Total budgeted fixed overhead was \$50 000.

Overheads over-absorbed for the period were \$4000.

What was the actual fixed overhead incurred in the period?

- A** \$51 000 **B** \$54 000 **C** \$55 000 **D** \$59 000