

- 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%