

**20** What could improve the current ratio of a sole trader?

- A** delaying payments to credit suppliers
- B** encouraging credit customers to pay promptly
- C** purchasing all inventory on credit
- D** reducing monthly cash drawings

**21** Which ratios will identify the highest profit for the year for a business?

- A** expenses to revenue ratio of 18% and non-current asset turnover of four times per annum
- B** expenses to revenue ratio of 18% and non-current asset turnover of six times per annum
- C** expenses to revenue ratio of 20% and non-current asset turnover of four times per annum
- D** expenses to revenue ratio of 20% and non-current asset turnover of six times per annum

**22** A business provided the following information at 31 March.

	\$
inventories	225 000
trade receivables	785 000
cash and cash equivalents	15 000
trade payables	365 000
other payables	85 000

What is the acid test ratio?

- A** 1.78 : 1      **B** 2.19 : 1      **C** 2.28 : 1      **D** 2.81 : 1

**23** A company pays its employees \$6.80 per hour for a basic 40-hour week. An overtime premium of 50% is payable together with a production bonus of \$0.25 per unit for all units produced over 350. Employees are guaranteed a weekly wage of \$330.

One employee worked 45 hours last week and produced 410 units.

What was the employee's gross pay that week?

- A** \$330      **B** \$338      **C** \$372      **D** \$474