

21 A business provides the following information about its rate of inventory turnover.

year 1 10 times

year 2 8 times

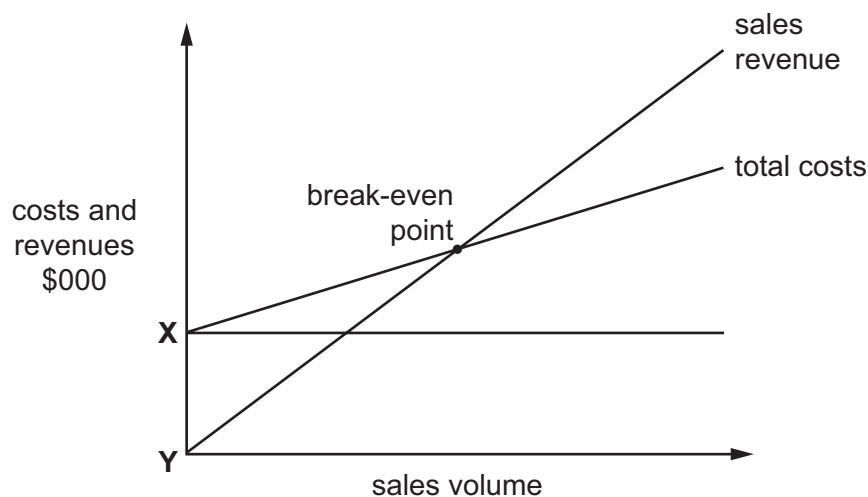
The selling price per unit has remained constant.

Which statements are correct?

- 1 Inventory of goods has decreased in relation to units sold.
- 2 Inventory of goods has increased in relation to units sold.
- 3 Profit margin on a constant level of sales has decreased.
- 4 Profit margin on a constant level of sales has increased.

A 1 and 3 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4

22 The break-even chart for a product is shown.



What does **XY** represent?

- A** fixed costs
- B** gross profit
- C** profit for the period
- D** variable costs

23 Which business would use a job costing system?

- A** a chemical plant
- B** a retailer of food
- C** a ship builder's yard
- D** a wholesaler of car parts