

**18** The rate of inventory turnover of a company has been calculated for two successive periods.

current period     5.6 times

previous period    4.8 times

The following statements have been made about the change.

- 1    Inventory is moving more slowly in the current period.
- 2    Inventory is moving more quickly in the current period.
- 3    Management of inventory has been more efficient in the current period.

Which statements may explain the change?

- A**   1 and 3            **B**   1 only            **C**   2 and 3            **D**   2 only

**19** The following items appear on a statement of financial position.

	\$
inventory	20 000
cash and cash equivalents	3 500
trade payables	11 000
provision for doubtful debts	500

The current ratio is 3 : 1.

How much do the trade receivables owe?

- A**   \$9500            **B**   \$10 000            **C**   \$12 000            **D**   \$12 500

**20** Which costs are indirect?

- 1    bought-in components used in a finished product
- 2    materials used for factory maintenance
- 3    raw materials used in a finished product
- 4    spare parts bought for factory machinery

- A**   1, 2 and 3            **B**   1, 2 and 4            **C**   2 and 4 only            **D**   3 and 4