

- 20 The annual accounts of a business include the following.

	\$
revenue	160 000
opening inventory	10 000
closing inventory	14 000

Inventory turnover is 10 times.

What is the gross profit?

- A** \$20 000 **B** \$40 000 **C** \$60 000 **D** \$120 000

- 21 A company's profit from operations was \$128 000.

Interest payable was \$8000.

The following amounts were included in the company's balance sheet.

	\$
non-current assets	485 000
net current assets	27 000
non current liabilities	80 000

How much is the return on the total capital employed?

- A** 20.3 % **B** 21.6 % **C** 23.4 % **D** 25.0 %

- 22 A business has \$10 000 in the bank and buys inventory for \$6000 paying by cheque.

What is the effect of this on its current ratio and quick (acid test) ratio?

	current ratio	quick (acid test) ratio
A	decreases	increases
B	decreases	no effect
C	no effect	decreases
D	no effect	no effect

- 23 A company's sales are made evenly over a year (360 days). 10 % of the sales are for cash, debtors total \$26 700 and the trade receivables turnover period is 30 days.

What are the total sales (cash and credit) for the year?

- A** \$320 400 **B** \$356 000 **C** \$801 000 **D** \$890 000