

**23** A business has the following current assets and current liabilities:

	\$
debtors	6000
bank overdraft	1500
cash in hand	50
creditors	5050

The only other item in the working capital is stock.

The current ratio is 2:1. What is the value of the stock?

- A** \$ 2550      **B** \$ 4050      **C** \$ 5550      **D** \$ 7050

**24** A video cassette has a selling price of \$10.

	\$
direct materials	1.20
direct labour	0.80
factory overhead (fixed)	1.40
royalty payment	1.00
administration overhead (fixed)	0.60

What is the contribution per video cassette?

- A** \$5.00      **B** \$6.00      **C** \$7.00      **D** \$8.00

**25** A company manufactures a variety of products, each of which requires different materials and grades of labour.

There is little use of machinery in the manufacture of each product.

On which basis should the Overhead Absorption Rate (OAR) be calculated?

- A** direct labour cost  
**B** direct material cost  
**C** direct labour hours  
**D** machine hours