

21 A company is operating in a very competitive market.

Which ratios represent the reaction to the competition?

| | gross profit percentage | period of credit allowed to customers |
|----------|-------------------------|---------------------------------------|
| A | 20 % | 30 days |
| B | 20 % | 60 days |
| C | 25 % | 30 days |
| D | 25 % | 60 days |

22 The balance sheet of a business at 30 June includes the following items:

| | Year 1 | Year 2 |
|-------------------|--------|--------|
| trade receivables | 47 000 | 63 000 |
| other receivables | 1 900 | 2 700 |

Total sales for Year 2 amounted to \$450 000 of which \$85 000 were cash sales.

What is the average trade receivables collection period during the year ended 30 June Year 2?

A 44 days **B** 51 days **C** 55 days **D** 63 days

23 The opening inventory of a business is \$10 000 and the cost of goods sold is \$200 000.

Using the average figure of opening and closing inventory, what value of closing inventory is needed to give an inventory turnover of 10 times?

A \$10 000 **B** \$20 000 **C** \$30 000 **D** \$40 000

24 What are major assumptions in contribution/ sales (c/s) analysis?

- 1 Costs can be identified as either variable or fixed.
- 2 Fixed cost per unit is constant as activity rises.
- 3 Variable cost per unit fluctuates with the volume of activity.
- 4 Volume of activity is the only factor that affects revenue and variable costs.

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