

- 20** When comparing with the previous year, a trader finds that his gross profit margin has increased and his trade receivables turnover has decreased.

Which statement would explain this?

- A** He bought in bulk and passed the savings on to his customers who bought more.
- B** He offered more trade discount and more customers paid in cash.
- C** He raised his selling price and offered more cash discounts.
- D** He reduced his selling price to increase the total value of sales.

- 21** B Limited had credit sales for the year of \$3 285 000 and trade receivables at year end of \$405 000.

The sales director believed that if cash discounts had been given, then trade receivables would have been \$351 000. The allowance for irrecoverable debts would have been reduced by \$9000.

What difference would the discounts have made to the trade receivables turnover?

- A** It would have been 5 days faster.
- B** It would have been 5 days slower.
- C** It would have been 6 days faster.
- D** It would have been 6 days slower.

- 22** A business makes wedding dresses. Each machinist is paid \$30 a day and each supervisor \$40 a day. Each supervisor can work with up to 10 machinists and each machinist can produce one wedding dress a day.

If 95 wedding dresses a day are produced, what is the daily labour cost?

- A** \$2850 **B** \$3210 **C** \$3230 **D** \$3250

- 23** Which statement best describes variable costs?

- A** costs that are the same in total up to a certain level then increase with output
- B** costs that are the same in total over any output level
- C** costs that are constant per unit as output increases
- D** costs that increase per unit as output increases