21 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	decrease	increase
B	decrease	no effect
C	no effect	decrease
D	no effect	no effect

22 A supplier wishes to see the financial statements of a customer to help decide whether to continue trading with him.

Which figure would be most useful in making that decision?

A closing inventory

B inventory turnover

C trade payables turnover

D trade receivables turnover

23 A business increased its sales revenue by 50% in one year whilst its cost of sales has increased by 60% over the same period.

What is the explanation for the change in profit margin?

A an increase in marketing expenses

B an increase in sales price

C an increase in sales volume

D an increase in supplier price

24 A business has a year end of 31 December. It expects to achieve sales in 2014 of $450 000. On 31 December 2013 its non-current assets were $306 000. On 1 July 2014 it purchased new machinery at a cost of $180 000, in order to increase its sales by an extra $20 000 each month.

What is the expected rate of non-current asset turnover in 2014? (Ignore depreciation.)

A 1.17 times

B 1.42 times

C 1.44 times

D 1.74 times