

**20** What will result in a reduction of working capital?

- A** decreasing the rate of stock turnover
- B** reducing the debtor collection period by offering discounts
- C** reducing the time taken to pay suppliers
- D** selling some surplus fixed assets

**21** A bank manager has reviewed the financial statements of a business. He notes that the liquidity ratio has fallen but that the sales for the year have remained constant.

What explains this fall in the liquidity ratio?

- A** a decrease in stocks of finished goods
- B** a decrease in the overdraft
- C** an increase in cash
- D** an increase in trade creditors

**22** The following information relates to the final accounts of a business.

	\$000
opening stock	2 470
closing stock	2 156
cost of sales for year	12 500
sales for year	21 660

What was the stock turnover in days?

- A** 68                      **B** 72                      **C** 126                      **D** 144

**23** A company has a share price that gives a dividend yield of 4 %. Earnings per share are \$0.32 and half the earnings are paid out as dividends.

What is the share price?

- A** \$2.00                      **B** \$4.00                      **C** \$6.00                      **D** \$8.00

**24** When are the reported profits under marginal costing and absorption costing principles the same amount?

- A** when sales revenue exceeds cost of sales
- B** when units produced equals sales in units
- C** when units produced exceeds sales in units
- D** when unit sales exceeds production in units