

**23** The table shows an extract from a company's final accounts:

	\$
purchases	28 000
cost of sales	24 000
creditors	4 200
accruals	1 100

What is the creditors' collection period for the year?

- A** 55 days      **B** 64 days      **C** 69 days      **D** 81 days

**24** A company has the following gross profit and net profit ratios for two years.

	Year 1	Year 2
gross profit %	26 %	29 %
net profit %	13 %	10 %

The company's turnover has remained unchanged for both years.

What is a correct interpretation of these ratios?

	cost of sales		overheads	
	increased	decreased	increased	decreased
<b>A</b>	✓	x	✓	x
<b>B</b>	✓	x	x	✓
<b>C</b>	x	✓	x	✓
<b>D</b>	x	✓	✓	x

**25** A firm has \$10 000 in the bank and buys stocks for \$6000 paying by cheque.

What will be the effect on its current ratio and quick (acid test) ratio?

	current ratio	quick (acid test) ratio
<b>A</b>	no effect	no effect
<b>B</b>	decreases	increases
<b>C</b>	decreases	no effect
<b>D</b>	no effect	decreases