

- 19** A company buys and re-sells goods. It has a higher gross profit margin than its rivals.

Which reason could explain this?

- A** Rival companies pay less for goods than the company.
 - B** Rival companies spend less on advertising than the company.
 - C** The Company charges a higher selling price than its rivals.
 - D** The Company charges a lower price than its rivals.
- 20** A business has trade payables (creditors) of \$8000 and a bank overdraft of \$2000. Its current ratio is 2:1 and its quick (acid test) ratio is 1.5:1.

What is the value of its inventory (stock)?

- A** \$4000 **B** \$5000 **C** \$28 000 **D** \$35 000
- 21** A company's sales during a 365 day year are shown in the table.

| | \$ |
|--------------|-----------|
| cash sales | 179 580 |
| credit sales | 927 100 |
| total sales | 1 106 680 |

The trade receivables (debtors) turnover ratio at the year end is 42 days.

What is the end-of-year trade receivables (debtors) balance?

- A** \$22 074 **B** \$98 460 **C** \$106 680 **D** \$127 344
- 22** The following information is given about four products.

Which product makes the most gross profit?

| | inventory (stock) turnover (per annum) | average inventory (stock) in units | mark up on cost % |
|----------|-------------------------------------------|---------------------------------------|----------------------|
| A | 8 times | 1000 | 15 |
| B | 6 times | 1000 | 30 |
| C | 7 times | 1000 | 25 |
| D | 10 times | 1000 | 20 |