

- 21** Owusu Limited has a constant level of annual sales and a constant gross margin. Each year the inventory increases.

Which effects does this have on the inventory holding period and on inventory turnover?

	inventory holding (in days)	inventory turnover (times)
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	increase	increase

- 22** A business uses the AVCO method of inventory valuation.

The following transactions took place.

1 March	purchased 1000 units at \$65 per unit
2 March	purchased 1200 units at \$66 per unit
4 March	sold 1850 units at \$68 per unit

What was the value of closing inventory?

- A** \$22 750      **B** \$22 941      **C** \$23 100      **D** \$23 800

- 23** A manufacturing company employs 20 workers who are paid a basic rate of \$30 per hour for a 40-hour week. To meet a special order, the workers each worked 50 hours and were paid a premium of 40% over basic rate for the overtime.

What was the value of wages paid to meet the special order?

- A** \$30 000      **B** \$32 400      **C** \$33 600      **D** \$42 000

- 24** A manufacturing business is currently operating at full capacity.

As part of an expansion programme to increase production capacity, the business intends to employ an additional factory supervisor.

How are total supervisory salaries classified?

- A** fixed cost  
**B** semi-variable cost  
**C** stepped cost  
**D** variable cost