

- 20** A business sells stock to a credit customer at a selling price greater than cost.

What effect will this transaction have on the current and quick (acid test) ratios?

- A** Both ratios will be unchanged.
- B** Both ratios will increase.
- C** The current ratio will increase while the quick ratio will not change.
- D** The current ratio will not change while the quick ratio will increase.

- 21** The following items are included in the Balance Sheet of a business.

	\$000
Stock	64
Debtors	126
Creditors	87
Bank (debit balance)	21
Bank loan (repayable in 2 years)	50

What is the quick (acid test) ratio?

- A** 1.1 : 1      **B** 1.2 : 1      **C** 1.7 : 1      **D** 2.4 : 1

- 22** The following information is available for a business.

	\$
opening stock	29 000
credit purchases	186 000
closing stock	8 000
creditors at year end	24 000

What is the creditors' payment period?

- A** 40 days      **B** 43 days      **C** 48 days      **D** 54 days

- 23** The opening stock of a business is \$10 000 and the cost of goods sold is \$200 000.

Using the average figure of opening and closing stock, what value of closing stock is needed to give a stock turnover of 10?

- A** \$10 000      **B** \$20 000      **C** \$30 000      **D** \$40 000