

18 When is working capital most likely to increase?

- A** when the business increases its selling prices
- B** when the credit period allowed to customers is reduced
- C** when the credit period taken from suppliers is increased
- D** when the value of inventory decreases

19 What occurs in a rights issue of shares?

- A** Any premium on the issue is added to a capital reserve.
- B** Any premium on the issue is added to a revenue reserve.
- C** Any premium on the issue is written off to the income statement.
- D** The nominal value of the issue is written off to the income statement.

20 A business has a rate of inventory turnover of 17 times a year.

What is the numerator in the calculation?

- A** average inventory
- B** closing inventory
- C** cost of sales
- D** credit sales

21 The following items appear on a balance sheet.

	\$
inventory	20 000
balance at bank	2 000
cash in hand	1 500
trade payables	11 000
provision for doubtful debts	500

The current ratio is 3 : 1.

How much do the trade receivables owe?

- A** \$9 500
- B** \$10 000
- C** \$12 000
- D** \$12 500