

**21** The balance sheet of a business at 30 June includes the following items:

	Year 1	Year 2
trade receivables	47 000	63 000
other receivables	1 900	2 700

Total sales for Year 2 amounted to \$450 000 of which \$85 000 were cash sales.

What is the average trade receivables collection period during the year ended 30 June Year 2?

- A** 44 days      **B** 51 days      **C** 55 days      **D** 63 days

**22** The opening inventory of a business is \$10 000 and the cost of goods sold is \$200 000.

Using the average figure of opening and closing inventory, what value of closing inventory is needed to give an inventory turnover of 10 times?

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

**23** What are major assumptions in contribution/sales (c/s) analysis?

- 1 Costs can be identified as either variable or fixed.
- 2 Fixed cost per unit is constant as activity rises.
- 3 Variable cost per unit fluctuates with the volume of activity.
- 4 Volume of activity is the only factor that affects revenue and variable costs.

- A** 1 and 2      **B** 1 and 4      **C** 2 and 3      **D** 2 and 4

**24** Which statements about marginal costing are correct?

- 1 The marginal cost of a product includes an allowance for fixed overheads.
- 2 The marginal cost of a product represents the additional cost of making one extra unit.
- 3 If inventory decreases during a period, the profits under absorption costing will be lower than under marginal costing.

- A** 1 only      **B** 1, 2 and 3      **C** 2 only      **D** 2 and 3 only