

24 The following information is given about four products.

Which product makes the most gross profit?

	inventory turnover (per annum)	average inventory 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

25 A company's non-current asset turnover figure rises from 3.4 times in Year 1 to 4 times in Year 2. Sales revenue has been constant.

What explains the change?

- A** The cost of repairs to non-current assets had decreased.
- B** The cost of repairs to non-current assets had increased.
- C** The depreciation charge for the year was higher than the cost of non-current assets purchased.
- D** The depreciation charge for the year was lower than the cost of non-current assets purchased.

26 Gordon sells goods on credit to Sybil.

Which information from Sybil's financial statements is of greatest interest to him?

- A** current ratio
- B** gross profit margin
- C** mark up
- D** return on capital employed

27 A company uses absorption costing and makes and sells one product. In the last month budgeted overheads totalled \$60 000. Budgeted production was 15 000 units and budgeted sales were 14 000 units.

The company now decides to apply marginal costing principles for last month.

Which effect will this have on profits?

- A** \$3500 decrease
- B** \$3500 increase
- C** \$4000 decrease
- D** \$4000 increase