

- 19** A trader has been making a provision for irrecoverable debts for some years. He is now considering reducing the percentage rate of the provision.

Which ratios would be affected by this reduction?

- 1 current ratio
- 2 gross margin
- 3 profit margin

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

- 20** The following information is available for a business for the year ended 31 December 2020.

| | |
|----------------------------|----------|
| rate of inventory turnover | 20 times |
| opening inventory | \$40 000 |
| closing inventory | \$20 000 |
| gross margin | 25% |

What was the revenue for the year ended 31 December 2020?

A \$750 000 **B** \$800 000 **C** \$900 000 **D** \$1 000 000

- 21** The following information is available regarding direct materials for a month.

| | |
|-------------------|---------------------------|
| opening inventory | 1000 kgs at \$20 per kg |
| purchases | 20 000 kgs at \$22 per kg |
| closing inventory | 3500 kgs |

Inventory is valued using the first in, first out (FIFO) method.

What was the cost of the materials issued to production for the month?

A \$363 000 **B** \$367 500 **C** \$383 000 **D** \$385 000