

- 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