

23 The table shows an extract from a company's final accounts:

	\$
purchases	28 000
cost of sales	24 000
creditors	4 200
accruals	1 100

What is the creditors' collection period for the year?

- A** 55 days **B** 64 days **C** 69 days **D** 81 days

24 A company has the following gross profit and net profit ratios for two years.

	Year 1	Year 2
gross profit %	26 %	29 %
net profit %	13 %	10 %

The company's turnover has remained unchanged for both years.

What is a correct interpretation of these ratios?

	cost of sales		overheads	
	increased	decreased	increased	decreased
A	✓	x	✓	x
B	✓	x	x	✓
C	x	✓	x	✓
D	x	✓	✓	x

25 A firm has \$10 000 in the bank and buys stocks for \$6000 paying by cheque.

What will be the effect on its current ratio and quick (acid test) ratio?

	current ratio	quick (acid test) ratio
A	no effect	no effect
B	decreases	increases
C	decreases	no effect
D	no effect	decreases