

- 23** A business has a current ratio of 1.75 : 1 and a quick (acid test) ratio of 1 : 1. The business sells stock on credit at its usual mark-up.

What is the effect of this on the current ratio and quick (acid test) ratio?

	current ratio	quick (acid test) ratio
<b>A</b>	decrease	decrease
<b>B</b>	decrease	increase
<b>C</b>	increase	decrease
<b>D</b>	increase	increase

- 24** During the year ended 31 March 2006 a business made sales of \$560 000 of which 25% were for cash. The trade debtors at 31 March 2005 were \$52 000 and at 31 March 2006 they were \$56 000.

What is the debtors' collection period based on average debtors?

- A** 34 days      **B** 35 days      **C** 47 days      **D** 49 days

- 25** The following data is available:

	this year \$	last year \$
credit sales	60 000	50 000
credit purchases	40 000	28 000
creditors (average)	10 000	16 000
debtors (average)	12 000	8 000

Which statement is correct?

- A** Debtors' and creditors' turnover ratios have improved.  
**B** Debtors' and creditors' turnover ratios have worsened.  
**C** Debtors are paying faster, but creditors are being paid more slowly.  
**D** Debtors are paying more slowly, but creditors are being paid faster.