

	\$
Revenue	420 000
Opening inventory	40 000

The rate of inventory turnover is 5 times per annum.

**(a)** Explain what is meant by mark up.

[2]

[illegible]

Workings:

[9]

(c) State the formula for calculating margin.

.....  
..... [2]

**Additional information**

At 31 March 2014, the net book value of the non-current assets was \$550 000.

**REQUIRED**

(d) (i) Explain what the non-current asset turnover measures.

.....  
.....  
.....  
..... [4]

- (ii) State the formula to calculate the non-current asset turnover ratio. Calculate the non-current asset turnover ratio correct to **two** decimal places.

Ratio	mula	Calculation
non-current asset turnover		

[3]

- (e) Explain why a provision for doubtful debts may be necessary.

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.....

.....

..... [3]

### Additional information

Bradley provides for doubtful debts at the rate of 4%.

The provision for doubtful debts at 1 April 2013 was \$1650.

Trade receivables at 31 March 2014 were \$35 000.

### REQUIRED

- (f) Prepare Bradley's provision for doubtful debts account for the year ended 31 March 2014.

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..... [3]

**(g)** State how the provision for doubtful debts is shown in:

**(i)** income statement .....  
..... [2]

**(ii)** statement of financial position .....  
..... [2]