

**22** Which ratio measures a business' average payment period?

- A** current ratio
- B** liquid ratio
- C** trade payables turnover
- D** trade receivables turnover

**23** A firm has calculated the following accounting ratios for the year ended 30 June:

	year ended	
	30 June 2010	30 June 2011
gross profit on sales	30 %	33 %
net profit on sales	15 %	14 %

What could explain the changes in the percentages?

- A** A fall in interest payments was equal to an increase in administration costs.
- B** An increase in raw material costs was covered by an increase in selling price.
- C** An increase in the advertising budget has allowed the firm to increase the selling price.
- D** An increase in the advertising budget has led to a rise in sales volume.

**24** What is a limitation of the use of accounting information that is totally outside the entity's control?

- A** changes in legal reporting requirements
- B** changes in inventory valuation method
- C** changes in total assets employed
- D** changes in working capital