

- 19** A trader has been making a provision for irrecoverable debts for some years. He is now considering reducing the percentage rate of the provision.

Which ratios would be affected by this reduction?

- 1 current ratio
- 2 gross margin
- 3 profit margin

**A** 1 and 2      **B** 1 and 3      **C** 2 and 3      **D** 3 only

- 20** The following information is available for a business for the year ended 31 December 2020.

rate of inventory turnover	20 times
opening inventory	\$40 000
closing inventory	\$20 000
gross margin	25%

What was the revenue for the year ended 31 December 2020?

**A** \$750 000      **B** \$800 000      **C** \$900 000      **D** \$1 000 000

- 21** The following information is available regarding direct materials for a month.

opening inventory	1000 kgs at \$20 per kg
purchases	20 000 kgs at \$22 per kg
closing inventory	3500 kgs

Inventory is valued using the first in, first out (FIFO) method.

What was the cost of the materials issued to production for the month?

**A** \$363 000      **B** \$367 500      **C** \$383 000      **D** \$385 000