21 The balance sheet of a business at 30 June includes the following items:

	Year 1	Year 2
trade receivables	47 000	63 000
other receivables	1 900	2 700

Total sales for Year 2 amounted to $450 000 of which $85 000 were cash sales.

What is the average trade receivables collection period during the year ended 30 June Year 2?

A 44 days **B** 51 days **C** 55 days **D** 63 days

22 The opening inventory of a business is $10 000 and the cost of goods sold is $200 000.

Using the average figure of opening and closing inventory, what value of closing inventory is needed to give an inventory turnover of 10 times?

A $10 000 **B** $20 000 **C** $30 000 **D** $40 000

23 What are major assumptions in contribution / sales (c / s) analysis?

1 Costs can be identified as either variable or fixed.

2 Fixed cost per unit is constant as activity rises.

3 Variable cost per unit fluctuates with the volume of activity.

4 Volume of activity is the only factor that affects revenue and variable costs.

A 1 and 2 **B** 1 and 4 **C** 2 and 3 **D** 2 and 4

24 Which statements about marginal costing are correct?

1 The marginal cost of a product includes an allowance for fixed overheads.

2 The marginal cost of a product represents the additional cost of making one extra unit.

3 If inventory decreases during a period, the profits under absorption costing will be lower than under marginal costing.

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