

- 21** In the last financial year, R Limited had sales revenue of \$190 000 and operating expenses of \$108 000.

In the current financial year, the directors think that if they increase spending on advertising by \$5000, then sales would increase to \$205 000. Operating expenses (excluding advertising) would increase by \$7000.

What would the operating expenses to revenue ratio be if the additional advertising took place?

- A** 56.10% **B** 58.54% **C** 158.33% **D** 170.83%

- 22** The following information is available for a business.

	\$
total purchases	820 000
credit purchases	740 000
opening inventory	60 000
closing inventory	80 000
total sales (all on credit)	910 000
carriage inwards	20 000
returns outwards	40 000

What was the inventory turnover?

- A** 29 days **B** 32 days **C** 33 days **D** 35 days

- 23** Which characteristic describes an indirect cost?

- A** a cost that cannot be controlled by company managers
B a cost that cannot be directly traced to individual cost units or cost centres
C a cost that changes at different levels of activity
D a cost that remains unchanged at all levels of activity