

- 20** The following ratios have been calculated for two businesses, both with the same revenue of \$100 000.

	X	Y
gross margin	20%	25%
profit margin	10%	10%

How do the cost of sales and expenses of X compare with those of Y?

	cost of sales	expenses
A	higher	higher
B	higher	lower
C	lower	higher
D	lower	lower

- 21** A business provides the following information.

gross margin	20%
	\$
sales	275 325
opening inventory	25 450
closing inventory	55 975

What are the purchases?

- A** \$189 735 **B** \$220 260 **C** \$250 785 **D** \$259 963

- 22** A company provided the following information.

	material units	cost per unit \$
opening inventory	100	2.00
receipt of new inventory	400	2.10
issued to production	200	

The company uses the first in first out (FIFO) method of valuing inventory.

What is the cost of material issued to production?

- A** \$400 **B** \$410 **C** \$416 **D** \$420