2. A business has a bank overdraft of $4800. It pays for materials invoiced at $3000 less a trade discount of 20% and a settlement discount of 5%. A cheque for $500 is received from a debtor. What is the bank balance after these transactions?

A $2020 overdraft
B $6580 overdraft
C $7150 overdraft
D $7580 overdraft

Amount paid for the purchase of Material after deducting **trade discount**

Trade discount = $3000* 20%
= $600
Deducting the **trade discount**
3000 (-) 600 =2400
Settlement discount= $2400 * 5%
= $120
Deducting the **settlement discount**
= $2400(-) $120=$2280

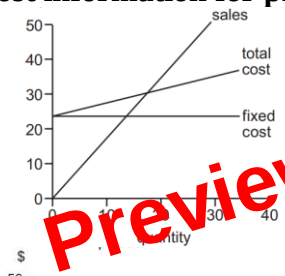
Bank a/c

Dr Cr

	$		$
Customer	500	Open bank balance	4800
Closing bank balance	6580	Supplier	2280
	7080		**7080**

Answer: B

20 A company buys and re-sells goods. It has a higher gross profit margin than its rivals. Which reason could explain this? A Rival companies pay less for goods than the company. B Rival companies spend less on advertising than the company. C The Company charges a higher selling price than its rivals. D The Company charges a lower price than its rivals	Gross profit margin= **Gross profit/sales** The sole reason behind an increase in gross profit margin is a rise in selling price where it has a lower purchasing price or overvaluation of inventory Concern the rest option for example option 1 reducing the cost of good will just improve gross profit but will not have any effect on sales Option 2 reducing the cost charge on advertising will increase net profit and this is not related to Gross profit margin Option 4 lower the price will lower selling price **Answer: C**

28 A business makes wedding dresses. Each machinist is paid $30 a day and each supervisor $40 a day. Each supervisor can work with up to 10 machinists and each machinist can produce one wedding dress a day. If 95 wedding dresses a day are produced, what is the daily labour cost? A $2850 B $3210 C $3230 D $3250	Number of machinists required per day to produce 95 dresses =95 dress/1 machinist Cost of machinist for 95 dresses = 95 machinists * $30=$2850 The presence of a supervisor can supervise 10 machinists, therefore to supervise 95 machinists. It will require 10 supervisors Cost of supervisors = 10*$40 =$400 Daily labour cost will be =$400+$2850 =$3250 **Answer:D**
29 The graphs show projected sales and cost information for products X and Y.   Which statement most accurately interprets the graphs? A Product X breaks even at a higher number of units sold than product Y. B Product X has lower fixed costs than product Y. C Product X has a lower selling price per unit than product Y. D Product X has a lower variable cost per unit than product Y.	What we can notice is that break even for product Y is higher. Fixed cost for product Y is higher Sales line for product X is steeper therefore its selling price is higher. **Answer:D**