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Subject: Year 13 Accounting **Worksheet 10** **Name: _____**

Strand 5	**Analysis and Interpretation of Financial Statements**
Sub strand 5.1	**Analysing Company Accounting Reports**
Content Learning Outcome	**Analyse and interpret the financial reports of a company to assess its performance and position**

QUESTION ONE ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS

A. Given below is the Balance Sheet of Harison Ltd for the year ending 31st December,2020.

Current Assets	$	$
Account receivable	85 000	
Inventories	94 000	
Prepaid expense	6 000	185 000
Fixed Assets		
Delivery van (at cost)	30 000	
Land	95000	125 000
		$ 310 000
Current Liabilities		
Bank overdraft (limit $35 000)	40 000	
Accounts payable	30 000	
Provision for dividends	17 000	
Provision for taxation	10 000	97 000
Deferred Liabilities		
Debentures		10 000
Shareholders Fund		
Paid up ordinary capital $1 per share	130 000	
General reserve	40 000	
Profit and Loss Appropriation	33 000	203 000
		$310 000

Additional Information:

1. 31st December 2020:

		$
(a)	Net Profit	49 500
(b)	Sales Cash:	90 000
	Credit:	300 000
(c)	Gross Profit	220 000

2. 31st December 2019:

		$
(a)	Closing inventory	90 000
(b)	Accounts receivable	70 000
(c)	Shareholders fund	160 000

3. The company normally allows 30 days credit facility to debtors.
4. The business operates for 300 days in a year

Required:

(a) Using the relevant information, calculate to **two decimal places**, the following ratios and percentage for 2020.Show **formula** and **full working**.

(i) Net profit percentage (1 ½ marks)
(ii) Rate of return on shareholders fund (1 ½ marks)
(iii) Quick asset ratio (1 ½ marks)
(iv) Stock turnover in number of days (1 ½ marks)
(v) Debt ratio (1 ½ marks)
(vi) Debtors turnover in days (1 ½ marks)
(vii) Earnings per share (1 ½ marks)
(viii) Current ratio (1 ½ marks)

Ratios/Percentages	Formula	Working	Answer
i Net profit percentage			
ii Rate of return on shareholders fund			
iii Quick asset ratio			
iv Stock turnover in number of days			
v. Debt ratio			
vi Debtors turnover in days			
vii. Earnings per share			
viii Current ratio			