SUVA SANGAM COLLEGE

YEAR 12

ACCOUNTING

WORKSHEET 7

Question 1

- a) The ratio which measures the portion of **funds provided by outsiders towards the total funds** of the business is known as
 - A. debt ratio. B. equity ratio.
 - C. liquidity ratio. D. debt to equity ratio.
- b) One of the limitations of analysis and interpretation of financial statements is that it
 - A. Allows comparisons.
 - B. Helps in making decision.
 - C. Is based on historical cost.
 - D. Helps to identify weaknesses and strengths.

Question 2

Tina operates a grocery store as Tina's Enterprise. Given below is the financial information from her business for the year ended 30th April 2014 and 2015.

Summary of Financial Performance:	2014	2015
	\$	\$
Net Sales (All credit)	150 000	200 000
Less: Cost of Goods Sold	55 000	75 000
Gross Profit	95 000	125 000
Less: Expenses	35 000	55 000
Net Profit	\$60 000	<u>\$70 000</u>

Summary of Financial Status:	2014	2015
Equities	\$	\$
Capital - Tina	75 000	95 500
Accounts Payable	16 000	28 000
Expenses Accrued	1 000	1 500
Mortgage	53 000	49 000
	35 000	55 000
	<u>\$145 000</u>	<u>\$173 000</u>
Assets		
Accounts Receivables	32 000	55 000
Cash at Bank	18 000	10 000
Inventories	16 000	33 000
Fixed Assets	79 000	75 000
	<u>\$145 000</u>	<u>\$173 000</u>

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Additional Information

On 30th April 2013, the following balances were given:

- 1. Accounts Receivables \$40 000
- 2. Inventories \$24 000

Note: The business operates for 365 days in a year.

Required:

Using the information given above, calculate the following ratios and percentages for the given years correct to two decimal places.

Show the formula and full working.

- i. Net Profit Ratio (2014)
- ii. Gross Profit Ratio (2014)
- iii. Expense Percentage (2014)
- iv. Inventory Turnover in number of times (2014)
- v. Quick Asset Ratio (2015)
- vi. Proprietorship Ratio (2015)
- vii. Working Capital in dollars (2015)
- viii. Accounts Receivable Turnover in days (2015)