



**Subject: Year 13 Accounting Worksheet 9**

**Name: \_\_\_\_\_**

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

### **Market Analysis Ratio**

These ratios measure the management efficiency.(Refer to page (141) for notes and formulas and page (145) for examples.

### **Question One**

Given below is the Balance Sheet of Happy life Co. Ltd for the year ending 30<sup>th</sup> June, 2019.

	<b>30 June 2019</b>	
<b>Current Assets</b>	<b>\$</b>	<b>\$</b>
Accounts Receivable	70 000	
Inventories	86 000	
Prepaid Expenses	2 000	158 000
<b>Fixed Assets</b>		
Delivery Van (at cost)	20 000	
Land	100 000	120 000
		<b>\$278 000</b>
<b>Current Liabilities</b>		
Bank overdraft (limit \$25 000)	30 000	
Accounts Payable	25 000	
Provision for final dividend	15 000	
Provision for taxation	8 000	78 000
<b>Deferred Liabilities</b>		
Debenture		20 000
<b>Shareholders Fund</b>		
Authorised and paid up ordinary capital at \$1/share	140 000	
General reserve	20 000	
Profit and Loss Appropriation	20 000	180 000
		<b>\$278000</b>

### **Additional Information:**

#### **30 June 2019:**

Net Profit: \$ 46 800  
Sales – Cash: \$ 60 000  
Credit: \$260 000  
Gross Profit: \$200 000

#### **30<sup>th</sup> June 2018:**

Closing inventory \$ 70 000  
Accounts Receivable \$ 60 000  
Shareholders Fund \$140 000  
Current market value per share is \$2  
The company normally allows 30 days credit facility to debtors.  
The business operates for 300 days in a year

Required:

1. Calculate the following ratio and percentages for 2019 to two decimal places.

State the formula and show all working.

- a. Dividend per Share (\$)
- b. Earnings per Share (\$)
- c. Dividend Yield
- d. Price Earnings ratio (12 marks)

2. Briefly explain the purpose of calculating the following ratios:

- a. Earnings per share
- b. Dividend Yield (2 marks)

Ratios	Formula	Working	Answer
a. Dividend per Share (\$)			
b. Earnings per Share (\$)			
c. Dividend Yield			
d. Price Earnings ratio			

2. a. Earnings per share

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( 1mark)

b. Dividend Yield

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( 1mark)

THE END