

# Suva Sangam College

## Year 11

### Accounting

#### Worksheet 10

1. Owner's contribution has a significant influence over the business assets. Which ratio measures the funds provided by the owner?

- A. Gross profit ratio    B. liquid ratio    C. Proprietorship ratio    D. current ratio.

2. Which of the following is the best reason for excluding closing stock from the calculation of Liquid Capital?

- A. it is not subject to short term demands    B. it can be liquidated at a very short notice  
C. it will take more time for the stock to be sold    D. it is a current asset therefore it must be subtracted

3. The following is the financial highlights of Kaila Yees Grocery Shop as at 31 December 2020.

	\$	\$	\$
<b>Proprietorship</b>			
Capital – Kaila Yee		100000	
Add Net profit		40000	
Less Drawings		10000	<u>130000</u>
Represented by:			
<b>Assets</b>			
Cash	40000		
Accounts Receivables	35000		
Property & Equipment	125000		
Inventory	10000	<u>210000</u>	
<b>Less liabilities</b>			
Creditors	25000		
Loan ( Payable in 5 yrs)	55000	<u>80000</u>	
			<u>130000</u>

#### Additional Information

1. Sales all credit \$200 000    2. Gross profit \$44 000    3. Opening stock \$38 000  
4. Account Receivables 31st December 2019 \$33 000

#### **Required:**

a) Using the information above, calculate the following ratios and percentages for the year 2020. Show the formula and full working.

1. Gross profit ratio    5. Accounts receivable turnover ( times)  
2. Net profit percentage    6. Working capital in dollars  
3. Acid test ratio  
4. Rate of stock turnover (days)