

SUVA SANGAM COLLEGE
YEAR 13 ACCOUNTING
WORKSHEET 10

STRAND 5	ANALYSIS AND INTERPRETATION OF FINANCIAL STATEMENTS																																											
QUESTION	The information below has been extracted from the books of JAYS Publishing Ltd.																																											
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;"><u>31 March, 2019</u></th> <th style="width: 20%; text-align: center;"><u>31 March, 2020</u></th> </tr> </thead> <tbody> <tr> <td><u>Income Statement (Highlights):</u></td> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td>Cash Sales</td> <td style="text-align: center;">70 000</td> <td style="text-align: center;">80 000</td> </tr> <tr> <td>Credit Sales</td> <td style="text-align: center;">140 000</td> <td style="text-align: center;">160 000</td> </tr> <tr> <td>Cost of Goods Sold</td> <td style="text-align: center;">156 000</td> <td style="text-align: center;">164 000</td> </tr> <tr> <td>Operating Expenses</td> <td style="text-align: center;">45 000</td> <td style="text-align: center;">55 000</td> </tr> <tr> <td><u>Balance Sheet (Highlights):</u></td> <td></td> <td></td> </tr> <tr> <td>Shareholders' Fund</td> <td style="text-align: center;">120 000</td> <td style="text-align: center;">130 000</td> </tr> <tr> <td>Bank</td> <td style="text-align: center;">3 000</td> <td style="text-align: center;">(1 000)</td> </tr> <tr> <td>Accounts Receivable</td> <td style="text-align: center;">40 000</td> <td style="text-align: center;">50 000</td> </tr> <tr> <td>Inventory</td> <td style="text-align: center;">15 500</td> <td style="text-align: center;">16 500</td> </tr> <tr> <td>Provision for Taxation</td> <td style="text-align: center;">2 000</td> <td style="text-align: center;">3 000</td> </tr> <tr> <td>Accounts Payable</td> <td style="text-align: center;">20 000</td> <td style="text-align: center;">25 000</td> </tr> <tr> <td>Fixed Assets</td> <td style="text-align: center;">67 000</td> <td style="text-align: center;">88 000</td> </tr> </tbody> </table>			<u>31 March, 2019</u>	<u>31 March, 2020</u>	<u>Income Statement (Highlights):</u>	\$	\$	Cash Sales	70 000	80 000	Credit Sales	140 000	160 000	Cost of Goods Sold	156 000	164 000	Operating Expenses	45 000	55 000	<u>Balance Sheet (Highlights):</u>			Shareholders' Fund	120 000	130 000	Bank	3 000	(1 000)	Accounts Receivable	40 000	50 000	Inventory	15 500	16 500	Provision for Taxation	2 000	3 000	Accounts Payable	20 000	25 000	Fixed Assets	67 000	88 000
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	<p><u>Additional Information:</u></p> <ol style="list-style-type: none"> 1. The Bank overdraft has a limit of \$2 500. 2. The business operates for 300 days. 3. Stock at 31 March, 2018 was \$12 500. 																																											
	<p>Required: Use the information given above to answer the questions that follow.</p>																																											
	Provide the formula and calculate the following ratios and percentages for JAYS Publishing Ltd for the year 2019 and 2020.																																											
(a)	(i) Current Ratio (ii) Liquid Capital Ratio																																											
(b)	(i) Rate of Stock Turnover (Times) (ii) Mark-Up Percentage (iii) Net Profit Percentage (iv) Rate of Debtors' Turnover (Days)																																											
(c)	Based on the calculations in (a) above, comment on Liquidity ratio																																											