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WORKSHEET 14

School: Ba Sangam College

Year: 1201

Name _____

Subject: Accounting

Strand -5	Analysis And Interpretation Of Financial Statements
Sub Strand -5.1	Analysing Accounting Reports
Content Learning Outcome 5.1.1	Analyse the financial reports of a Sole Proprietor to assess its performance.

Analysis And Interpretation Of Financial Statements

Analysing Accounting Reports

Turaga Enterprises is in operation for few years. The following information has been extracted from the books of Turaga Enterprises for the year ending 30th September 2018.

Opening Capital - Turaga	203 000
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Additional information

- (a) The business operates for 320 days in a year.

Data from Current Year's Statement of Financial Position	\$
Accounts Receivables	25 320
Investment in Tanoa Ltd	129 000
Land and Building	255 000
Goodwill	10 500
Inventories	46 700
Prepaid Expenses	400
Accounts Payable	29 600
Mortgage on Building	207 000
Expenses Accrued	320
Bank Overdraft (limit \$5 000)	33 000
Capital - Turaga	197 000
Data from Current Year's Statement of Financial Performance (Extract)	
Sales (50% on Credit)	260 000
Cost of Goods Sold	135 800
Gross Profit	124 200
Total Expenses	42 000
Net Profit	82 200
Beginning of the Year Data:	
Inventories	38 300
Accounts Receivables	49 600

Required

Study the information on Page 11 and calculate the following ratios and percentages for the year 2018, **correct to two decimal places**. Show the formula and full working.

- (i) Gross Profit percentage
- (ii) Total Expense ratio
- (iii) Return on Owner's Equity percentage
- (iv) Inventory Turnover in months
- (v) Quick Asset ratio
- (vi) Working Capital percentage
- (vii) Accounts Receivable Turnover
- (viii) Debt ratio

(12 marks)

Solution

Ratio/Percentage		Formula	Working	Answer (two decimal places)
(i)	Gross Profit percentage			_____ %
(ii)	Total Expense ratio			_____ : 1
(iii)	Return on Owners Equity percentage			_____ %
(iv)	Inventory Turnover in months			_____ months
(v)	Quick Asset ratio			_____ : 1

(vi)	Working Capital percentage			_____ %
(vii)	Accounts Receivable turnover			_____ Times
(viii)	Debt ratio			_____ : 1