

- 2 Gabriel is a sole trader who keeps the minimum of accounting records. His bank balance on 1 October 2006 was \$7400 and debtors owed him \$5010. the year ended 30 September 2007 his records showed the following:

	\$
Payments by cheque:	
Van purchased on 1 October 2006	6 800
Electricity	2 400
Van maintenance	250
General expenses	2 620
Purchase of stock for resale	182 600
 Paid in to bank:	
Shop takings	273 200
Receipts from debtors	3 040

At 1 October 2006 Gabriel stopped all credit sales as debtors were not paying on time thus affecting his cash flow. Amounts still owed by debtors at 30 September 2007 were to be considered bad debts.

All shop takings for the year were paid into the bank with the exception of the following, which were paid from shop takings.

	\$
General expenses	1 100
Wages	12 000
Drawings	1 200 per calendar month
Petrol for van	80 per calendar month

At 30 September 2007 \$21 200 was owed for purchases.

Stock at 1 October 2006 was valued at \$22 000.

Stock at 30 September 2007 was valued at \$31 250.

Depreciation on the van is provided for at 25 % per annum, reducing balance.

REQUIRED

- (a) Calculate Gabriel's sales for the year ended 30 September 2007.

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(c) Calculate the following to **two** decimal places:

(i) Gross profit as a percentage of sales;

(ii) Net profit as a percentage of sales;

(iii) Rate of stockturn in **weeks**.

(i)

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..... [2]

(ii)

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(iii)

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(d) Explain briefly **one** use of accounting ratios.

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