

- 2 The following is an extract of Chikkadea's financial statements (final accounts) for the year ended 30 April 2010.

Income Statement (Trading and Profit and Loss account)
for the year ended 30 April 2010

	\$	\$
Revenue (Sales)		375 000
Less cost of sales:		
Inventory (Stock) at 1 May 2009	32 000	
Ordinary goods purchased (Purchases)	281 250	
	<u>313 250</u>	
Inventory (Stock) at 30 April 2010	<u>28 000</u>	<u>285 250</u>
Gross profit		89 750
Less expenses		44 750
Profit for the year (Net Profit)		<u><u>45 000</u></u>

Balance Sheet at 30 April 2010

Assets	\$	\$
Non-current (Fixed) assets		428 000
Current assets		
Inventory (Stock)	28 000	
Trade receivables (Debtors)	22 500	
Cash and cash equivalents (Bank)	<u>1 500</u>	<u>52 000</u>
Total assets		<u><u>480 000</u></u>
Equity and liabilities		
Equity:		
Capital		450 000
Current Liabilities		
Trade payables (Creditors)		<u>30 000</u>
		<u><u>480 000</u></u>

The following have been calculated for Dakeeri, a competitor in the same type of business.

(i) Gross profit ratio	20.2%
(ii) Net profit ratio	10%
(iii) Return on capital employed	9%
(iv) Return on total assets	8%
(v) Current (working capital) ratio	1.5 : 1
(vi) Liquid (acid test) ratio	0.7 : 1
(vii) Receivable days (Debtors' turnover)	28 days
(viii) Payable days (Creditors' turnover)	35 days
(ix) Inventory turnover (Rate of stockturn)	8 times

REQUIRED

- (a) Calculate the same ratios for Chikkadea's business. In order to gain full marks you must show the formula **or** your workings for each calculation.

Where possible show your answers to **one** decimal place.
The first answer has been given as an example.

(i) $\frac{\text{Gross Profit}}{\text{Sales}} \times 100 = \frac{89\,750 \times 100}{375\,000} = 23.9\%$

(ii)

(iii)

(iv)

(v)

(vi)

(vii)

(viii)

(ix)

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