



- (b) Prepare, as fully as the given information allows, income statements for **both** businesses.

Income Statements			
	Business X	Business Y	
	\$	\$	
Revenue			
Less Cost of sales	_____	_____	
Gross profit			
Expenses	_____	_____	
Profit for the year	=====	=====	[8]

- (c) Prepare, as fully as the given information allows, statements of financial position for **both** businesses.

Statements of Financial Position				
		Business X		Business Y
	\$	\$	\$	\$
<b>Non-current assets</b>				
<b>Current assets</b>				
Inventory				
Trade receivables				
Cash and cash equivalents	_____	_____	_____	_____
<b>Total assets</b>				
<b>Current liabilities</b>				
Trade payables		_____		_____
<b>Net assets</b>		=====		=====
<b>Capital</b>				
<b>Non-current liabilities</b>				
Loan		_____		_____
<b>Capital employed</b>		=====		=====

[12]

(d) (i) Define the term **liquidity**.

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..... [2]

(ii) State which business is more likely to have liquidity problems.

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..... [1]

(iii) State which ratio gives most concern and why it does so.

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..... [4]