

- 1 Amah Retto's ledger accounts for the year ended 30 April 2008 showed the following balances:

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Premises at cost	250 000
Machinery at cost	52 000
Provision for depreciation on machinery at 1 May 2007	15 600
Provision for doubtful debts at 1 May 2007	500
Sales	243 000
Purchases	184 000
Sales returns	2 040
Purchases returns	1 980
Carriage inwards	350
Carriage outwards	800
Rent received	2 420
Discount allowed	1 800
Discount received	1 300
Electricity	2 100
General expenses	9 340
Stock at 1 May 2007	13 500
Debtors	9 000
Creditors	11 460
Bank (Credit)	8 260
Cash	990
Drawings	18 600
Long-term loan at 11 % per annum	60 000
Capital	?

Additional information at 30 April 2008

- 1 Stock was valued at \$15 100.
- 2 No interest had been paid or provided for on the loan, which had been taken out on 1 November 2007.
- 3 Amah Retto's tenant had paid only eleven months' rent; one month's rent was due and unpaid.
- 4 Electricity prepaid amounted to \$40.
- 5 General expenses accrued amounted to \$50.
- 6 Debts of \$200 were to be written off.

Depreciation was to be provided on machinery at 40 % using the reducing (diminishing) balance method.

Doubtful debts provision was to be 3 % of debtors at the end of the year.

REQUIRED

- (a) Prepare Amah Retto's trading and profit and loss account for the year ended 30 April 2008.

[8]

[illegible]

[11]

- (c) the answers to (a) and (b) to calculate the following ratios to **two** decimal places.
- (i) Current ratio;
 - (ii) Liquid ratio;
 - (iii) Rate of stock turnover;
 - (iv) Gross profit as a percentage of sales;
 - (v) Net profit as a percentage of sales.

(d) (i) State **two** reasons for calculating ratios.

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(ii) State **four** user groups who might be interested in or make use of accounting ratios.

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