

3 Maria is a sole trader. Her financial statements for the year ended 31 December 2018 included the following:

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Revenue	163 000
Gross profit	42 700
Profit for the year	16 500
Inventory 1 January 2018	17 800
Inventory 31 December 2018	19 600
Trade receivables	15 900
Cash and cash equivalents	2 700
Trade payables	10 700
Capital	130 000

REQUIRED

(a) Calculate the following ratios to **two** decimal places:

(i) gross margin

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..... [1]

(ii) profit margin

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(iii) rate of inventory turnover (in times)

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..... [2]

(iv) current ratio

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..... [1]

(v) liquid (acid test) ratio

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..... [1]

(vi) return on capital employed (ROCE).

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..... [1]

Additional information

Maria's ratios for 2017 were as follows:

1	Gross margin	23.63%
2	Profit margin	12.05%
3	Rate of inventory turnover	7.36 times
4	Current ratio	3.85 : 1
5	Liquid (acid test) ratio	2.04 : 1
6	ROCE	14.65%

REQUIRED

(b) Suggest possible reasons for the changes in Maria's business between 2017 and 2018 in respect of:

(i) profitability

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..... [2]

(ii) liquidity.

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(c) Identify **two** external stakeholders.

Explain why they may be interested in the financial statements of a business.

Stakeholder 1

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Interest

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Stakeholder 2

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Interest

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[4]