2	Archie Pelago buys and sells a single product. His first three months of trading showed the following purchases and sales.								
	200 Feb Ma Apr	oruary rch	Purchases 300 @ \$25 120 @ \$27 240 @ \$29	Sales 150 @ \$35 210 @ \$38 205 @ \$41					
	Cal	the following requirements either perpetual or periodic inventory may be used Calculations should be taken to a maximum of two decimal places.							
	RE	QUIRED							
	(a)	Calculate Archie's omethod of stock valu		I 2005 using the FIFO (first in first out)					
				[5]					
				[5]					

(b)	Calculate Archie's closing stock at 30 April 2005 using the LIFO (last in first out) method of stock valuation.
	[2]
(c)	Calculate Archie's closing stock at 30 April 2005 using the AVCO (weighted average cost) method of stock valuation.
	[2]

(d)	Calculate Archie's gross profit using each of the above methods of stock valuation.
	[40]

Archie Pelago's balance sheets at 30 April 2006 and 2007 were as follows:

		30 April 2006		30 April 2007		
	\$	\$	\$	\$	\$	\$
Fixed assets (Net book value)						
Premises			100 000			100 000
Equipment			<u>75 000</u> 175 000			<u>56 500</u> 156 500
Current assets						
Stock	7 500			6 800		
Debtors	10 800			8 900		
Bank	2 000			-		
Cash	400	20 700		400	16 100	
Current liabilities Creditors Bank	6 200 -			7 300 <u>1 200</u>		
		6 200			8 500	
Net current assets			14 500 189 500			7 600 164 100
Capital at 1 May 2006 Net profit (loss)			120 000 <u>83 500</u> 203 500			189 500 (11 400) 178 100
Less drawings			14 000 189 500			14 000 164 100

REQUIRED

(e)		each year, calculate to a maximum of two decimal places:
	(i)	the current ratio;
	(ii)	the liquid ratio.

(f)	From your calculations in (e) and the balance sheets given in the question discuss briefly Archie's financial status on 30 April 2007 compared to 30 April 2006.
	[3]