

Exhibit 41.30 pg 642 FW

	2015		2014	
	RM	RM	RM	RM
Non Current Assets		40,000.00		70,000.00
<u>Current Assets</u>				
Inventory	30,000.00		50,000.00	
Account Receivables	45,000.00		9,000.00	
Bank	15,000.00		1,000.00	
		<u>90,000.00</u>		<u>60,000.00</u>
Total Assets		<u>130,000.00</u>		<u>130,000.00</u>
<u>Current Liabilities</u>				
Account Payable		30,000.00		30,000.00
<u>Capital</u>				
Opening Capital	80,000.00		80,000.00	
Add: Profit	36,000.00		36,000.00	
Less: Drawings	(16,000.00)		(16,000.00)	
		<u>100,000.00</u>		<u>100,000.00</u>
		<u>130,000.00</u>		<u>130,000.00</u>
Opening Stock		34,000.00		46,000.00
Purchases		92,000.00		100,000.00
Sales		144,000.00		144,000.00
Cost of Sales		96,000.00		96,000.00
Gross Profit		48,000.00		48,000.00

Calculate

- 1) Gross Profit Margin
- 2) Current Ratio
- 3) Quick Ratio
- 4) Inventory Turnover
- 5) Account Receivable Turnover
- 6) Account Payable Turnover

34000	30000	64000	32000
34,000.00	30,000.00	64,000.00	32000

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27000 5.333333

Exhibit 41.30 pg 642 FW

	2015	2014	
1)			
Gross Profit Margin			
<u>= Gross Profit x 100%</u>	<u>48,000.00</u>	<u>48,000.00</u>	
Sales	144,000.00	144,000.00	
	33.33%	33.33%	
4)			
Inventory Turnover			
<u>= Cost of Goods Sold</u>	<u>96,000.00</u>	<u>96,000.00</u>	Calculat
Average Stock	32,000.00	48,000.00	1) Gross
Times	3.00	2.00	2) Curre
365 / Inventory Ratio (days)	121.67	182.50	3) Quick
5)			
Account Receivables in times			
<u>= Sales</u>	<u>144,000.00</u>	<u>144,000.00</u>	4) Inven
account Receivables	45,000.00	9,000.00	5) Accoi
Times	3.20	16.00	6) Accoi
In Days = 365/ in times	114.06	22.81	
6)			
Account Payable in times			
<u>= Purchases</u>	<u>92,000.00</u>	<u>100,000.00</u>	
Account Payables	30,000.00	30,000.00	
Times	3.07	3.33	
In Days = 365/ in times	119.02	109.50	
7)			
Current ratio			
<u>= Current Assets</u>	<u>90,000.00</u>	<u>60,000.00</u>	
Current Liabilities	30,000.00	30,000.00	
	3.00	2.00	
8)			
Quick Ratio			
<u>= Current Assets - Stock</u>	<u>60,000.00</u>	<u>10,000.00</u>	
Current Liabilities	30,000.00	30,000.00	
	2.00	0.33	
	2:1	0.33:1	

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Net Profit Margin	33%	33%
Debt Ratio	4.33 4:1	4.33 4:1
Debt Ratio	2.00 2:1	0.33 0.33:1
Inventory Turnover	1.96	1.35
Accounts Receivable Turnover	4.57	16.00
Accounts Payable Turnover	2.04	3.33

41.10 pg 657 FW

Balance Sheet

	Business J		Business K	
	RM	RM	RM	RM
<u>Non Current Assets</u>				
Equipment at cost	120,000.00		160,000.00	
Less: Acc Depreciation	<u>(50,000.00)</u>	70,000.00	<u>(30,000.00)</u>	130,000.00
<u>Current Assets</u>				
Inventory	64,000.00		50,000.00	
Account Receivables	68,000.00		123,000.00	
Bank	<u>15,000.00</u>		<u>5,000.00</u>	
		147,000.00		178,000.00
Total Assets		<u>217,000.00</u>		<u>308,000.00</u>
<u>Current Liabilities</u>				
Account Payable		66,000.00		99,000.00
<u>Capital</u>				
Opening Capital	148,000.00		221,000.00	
Add: Profit	38,000.00		68,000.00	
Less: Drawings	<u>(35,000.00)</u>		<u>(80,000.00)</u>	
		151,000.00		209,000.00
		<u>217,000.00</u>		<u>308,000.00</u>
<u>Income Statements</u>				
Sales		472,000.00		695,000.00
<u>Less: Cost of Sales</u>				
Opening Stock	51,000.00		62,000.00	
Add: Purchases	264,000.00		401,000.00	
Less: Closing Stock	<u>(64,000.00)</u>	251,000.00	<u>(50,000.00)</u>	413,000.00
Gross Profit		221,000.00		282,000.00
<u>Less: Expenses</u>				
Depreciation	12,000.00		16,000.00	
Wages Salaries and commission	135,000.00		151,000.00	
Other Expenses	<u>36,000.00</u>	183,000.00	<u>47,000.00</u>	214,000.00
Net Profits		<u>38,000.00</u>		<u>68,000.00</u>

(a) Calculate the following ratios for each business:

- 1) Gross Profit Margin
- 2) Net Profit Margin
- 3) Expenses Sales Ratio
- 4) Inventory Turnover
- 5) Current Ratio
- 6) Quick Ratio
- 7) Account Receivables turnover in days
- 8) Account Payables turnover in days

(b) Comments on the ratios in (a) and suggest possible improvements

41.10 pg 657 FW

	Business J	Business K	
1)			
	Gross Profit Margin		
	<u>= Gross Profit x 100%</u>		
	<u>221,000.00</u>	<u>282,000.00</u>	
	Sales	472,000.00	695,000.00
	46.82%	40.58%	
2)			
	Net Profit Margin		
	<u>= Net Profit x 100%</u>		
	<u>38,000.00</u>	<u>68,000.00</u>	
	Sales	472,000.00	695,000.00
	8.05%	9.78%	
3)			
	Expenses over sales		
	<u>= Expenses x 100%</u>		
	<u>183,000.00</u>	<u>214,000.00</u>	
	Sales	472,000.00	695,000.00
	38.77%	30.79%	
4)			
	Inventory Turnover		
	<u>= Cost of Goods Sold</u>		
	<u>251,000.00</u>	<u>413,000.00</u>	
	Average Stock	57,500.00	56,000.00
	Times	4.37	7.38
	365 / Inventory Ratio	83.62	49.49
5)			
	Account Receivables in times		
	<u>= Sales</u>		
	<u>472,000.00</u>	<u>695,000.00</u>	
	account Receivables	68,000.00	123,000.00
	6.94	5.65	
	In Days = 365/ in times	52.58	64.60
6)			
	Account Payable in times		
	<u>= Purchases</u>		
	<u>264,000.00</u>	<u>401,000.00</u>	
	Account Payables	66,000.00	99,000.00
	4.00	4.05	
	In Days = 365/ in times	91.25	90.11
7)			
	Current ratio		
	<u>= Current Assets</u>		
	<u>147,000.00</u>	<u>178,000.00</u>	
	Current Liabilities	66,000.00	99,000.00
	2.23	1.80	
8)			
	Quick Ratio		

(a) Calculate the

- 1) Gross Profit M
- 2) Net Profit Ma
- 3) Expenses Sale
- 4) Inventory Tur
- 5) Current Ratio
- 6) Quick Ratio
- 7) Account Rece
- 8) Account Paya

<u>= Current Assets - Stock</u>	<u>83,000.00</u>	<u>128,000.00</u>
Current Liabilities	66,000.00	99,000.00
	1.26	1.29

the following ratios for each business:

Margin	47%	41%
Margin	8%	10%
Debt Ratio	39%	31%
Inventory turnover	3.02	4.75
Accounts receivable turnover	2.23	1.80
Accounts payable turnover	1.26	1.29
Accounts receivable turnover in days	121.41	64.60
Accounts payable turnover in days	182.50	90.11