

A							
I	Profitability ratio:			iii	Work capital efficiency		
	AJANAKU total revenue at 31/12/14	2,000,000			Net profit	112,000	
					Total equity	1600000	
	Gross profit	220,000			Non-current liability	200,000	
	Gross profit ratio:	0.11					
					Equity+ NC liability	1800000	
	Net profit of the year	112,000			ROCE	0.0622222222222222	
	Net profit ratio	0.056				62.2%	
ii	Liquidity ratio:						
				IV			
	Current assets				Gearing ratio		
	Inventory	500000					
	Receivables	200000			Non-current liabilities	200,000	
	Investments	60000			Total equity	1,600,000	
	Total	760000					
	Current liabilities				Equity+ NC liability	1,800,000	
	Trade payables	172,800					
	Bank overdraft	439,200			Gearing ratio	NC liabilities/ equity+ NC liabilities	
	Current taxation	88,000			Gearing ratio	0.1111111111111111	
	Total	700,000			Approx	0.11	
	Current assets	760,000			%	11%	
	Current liabilities	700,000					
	Liquidity ratio:	1.08571428571429					
	Approx	1.1					
V	Investors ratios			VI	Activity ratios		
	Dividend paid	53,600			Cost of sales	1,500,000	
	Issued original shares	200,000 x 4			Inventory	500,000	
	Issued original shares	800000			Inventory turnover	3	
	Investors ratio	0.067			Accounts receivable	200,000	
					Sales/360	4,166.66666666667	
					Average collection period	48	
						6w 6d	
B	The gearing of AJANAKU plc is low. This means AJANAKU plc has the capacity to add debt if needed. There is also less risk of defaulting on debts.				Accounts payable	172,800	
					Purchases	1,080,000	
					Purchases/360	3,000	
					Average payment period	57.6	
						8w 1d 14h 24m	