

Deborah fasingha ebitimi

18/sms02/024

Accounting

**AJANAKU PLC**

**Statement of Profit or Loss for the year ended 31/12/2014**

	N
	<u>2,000,000</u>
Revenue (all on credit)	
Profit after charging all expenses except debenture interest	220,000
Debenture interest(gross)	<u>20,000</u>
Profit before taxation	200,000
Taxation Expense	88,000
	<u>112,000</u>
Profit for the year	

**RATIO ANALYSIS FOR 2014**

**PROFITABILITY RATIO**

Return on (long term) Capital Employed (ROCE)  
 ROCE=Profit before interest and tax/capital employed \* 100=  
 ([220,000/900,000]\*100%) 24.4%

Returns on Equity (ROE)  
 ROE=Profit after taxation and preference dividend/share capital and reserves(excluding nrpfrAncA sharp canital) X 16%

Operating Profit Margin (OPM)  
 OPM=Profit after interest and taxation/Revenue \* 100=( [112,000/2,000,000] \* 100%) 5.6%

Gross Profit Margin(GPM)  
 GPM=Gross profit/Revenue\*100%=(500,000/2,000,000)\*100%) 25%

**Statement of Financial Position as at 31/12/2014**

**Non-current Assets (carrying values)**

Property plant and equipment 840,000

**Current Assets**

Inventory	500,000
Receivables	200,000
Investments	<u>60,000</u>
	<u>760,000</u>
	<u>1,600,000</u>

**Equity and Liabilities**

400,000 N1 ordinary share	400,000
Issued and fully paid 200,000 1 ordinary shares	<u>200,000</u>
Capital Reserves	100,000
Revenue Reserves	<u>400,000</u>
	<u>700,000</u>

**Non-current Liability**

200,000 10% Debentures (secured on freehold property)	200,000
ITP=Inventory/Cost of sales*365days=(500,000/1,500,000)*365days)	121.7

**LIQUIDITY RATIO**

Current Ratio(CR)  
 CR=Current Assets/Current Liabilities=760,000/700,000 1.1:1

Quick/Acid Test Ratio(ATR)  
 ATR=Current Asset - Inventories/Current liabilities^ 60,000/700,000 0.4:1

**WORKING CAPITAL EFFICIENCY**

Average Collection Period  
 ACP=Trade Receivables/Credit Sales\*365 days=(200,000/2,000,000)\*365days) 36.5

**Current Liabilities**

Trade Payables	172,800
Bank overdraft	439,200
	<u>700,000</u>
	<u>88,000</u>

Average Payble Period  
 APP=Trade

Payables/Purchases\*365days=(172,000/1,080,000)\*365days) 58.4

Current Taxation

900,000

Inventory Turnover Period

1,600,000

Additional Notes:	村
Dividends during the year end	53,600
Purchases for the year	1,080,000
Cost of Sales for the year	1,500,000
The market price of Ajanaku Pic ordinary share as 31/12/2014	4

Working Note

Current asset-  
Inventory=760,000-60,000           260,000

Capital Employed(share 900,000 capital+reserves+long term  
debt)=700.000+200.000

Gross Profit(revenue-cost  
of sales)=2,000,000-           500,000  
1,500,000