

Question Bank

06/2018

Answer Practice Assessment 3: Task 1 (b)

	✓
Instruct Chris Burke, the Finance Director, to apologise to the supplier	
Advise Laura Wood of the error in the payment	✓
Prepare a cheque to the supplier	
Write a memo to Judith King, the Managing Director	

The correct answer should be "advise Laura Wood of the error in the payment".

Answer Practice Assessment 3: Task 5 (a)

Bonanza PLC Scorecard	Year ended 31 December 20X5 £000	Year ended 31 December 20X4 £000
Profitability and gearing (correct to 1 dp):		
Gross profit %	45.4%	42.5%
Operating profit %	4.1%	1.4%
Return on capital employed: $20X5: 2,570 / (27569 - 6,849 - 415)$ =12.7%	12.7%	5.3%
Gearing: $20X5: 2,168 / (18,137 + 2,168) = 10.7%$	10.7%	5.6%
Liquidity ratios (correct to 1 dp):		
Current ratio: $20X4: (15,422 + 72 + 6,448) / (7,763 + 3,400 + 200)$ =1.93:1	2.9:1	1.9:1
Acid test/quick ratio $20X4: (15,422 + 72) / (7,763 + 3,400 + 200) = 1.36:1$	1.8:1	1.4:1
Working capital days (correct to nearest day):		
Inventory holding period	85.3 days	62.6 days
Trade receivables collection period	67.5 days	86 days
Trade payables payment period $20X5: (6,849 / 33,874 * 365)$	73.8 days	75.4 days
Working capital cycle $20X5: 85.3 + 67.5 - 73.8 = 79$ days	79 days	73.2 days