Assignment Four

Everything highlighted in yellow must be deleted before you submit the work

Task 1

**Task: Perform ratio analysis to measure the profitability, liquidity and efficiency of a given organisation (P5)**

Introduction

In this task I will –what will you be doing in this task?

In the table below you need to calculate all of the different ratios. Make sure you explain this as part of your introduction.

|  |  |
| --- | --- |
| **Ratio** |  |
| Gross profit percentage of sales |  |
| Net profit percentage of sales |  |
| Return on Capital Employed |  |
| Current ratio |  |
| Acid test ratio |  |
| Debtors payment period |  |
| Creditors payment period |  |
| Rate of stock turnover |  |

Task two

**Task: analyse the performance of a business using suitable ratios (M2)**

**Evaluate the financial performance and position of a business using ratio analysis (D2)**

In this task I will…….

For each of the ratios you need to explain whether the answer implies a good or a bad performance and why. (M2). You then need to conclude and summarise the overall performance of Sharma and Ryan’s first year (D2).

Keep the subheadings below – just answer the questions

Gross profit percentage of sales

Does the business look like it is performing well or not?

What is the number one reason you have come to this decision?

What factors does your decision depend upon (think about what might make your opinion on the businesses performance not helpful/reliable?

How do you think this result will impact the firm in the future?

Do you think this answer shows the firm has performed better or worse compared to their cash flow forecast?

Overall, how good/bad do you think their performance has been?

Net profit percentage of sales

Does the business look like it is performing well or not?

What is the number one reason you have come to this decision?

What factors does your decision depend upon (think about what might make your opinion on the businesses performance not helpful/reliable?

How do you think this result will impact the firm in the future?

Do you think this answer shows the firm has performed better or worse compared to their cash flow forecast?

Overall, how good/bad do you think their performance has been?

Return on capital employed

Does the business look like it is performing well or not?

What is the number one reason you have come to this decision?

What factors does your decision depend upon (think about what might make your opinion on the businesses performance not helpful/reliable?

How do you think this result will impact the firm in the future?

Do you think this answer shows the firm has performed better or worse compared to their cash flow forecast?

Overall, how good/bad do you think their performance has been?

Current ratio

Does the business look like it is performing well or not?

What is the number one reason you have come to this decision?

What factors does your decision depend upon (think about what might make your opinion on the businesses performance not helpful/reliable?

How do you think this result will impact the firm in the future?

Do you think this answer shows the firm has performed better or worse compared to their cash flow forecast?

Overall, how good/bad do you think their performance has been?

Net profit percentage of sales

Does the business look like it is performing well or not?

What is the number one reason you have come to this decision?

What factors does your decision depend upon (think about what might make your opinion on the businesses performance not helpful/reliable?

How do you think this result will impact the firm in the future?

Do you think this answer shows the firm has performed better or worse compared to their cash flow forecast?

Overall, how good/bad do you think their performance has been?