

Financial Statements: Calculating ratios

Assessment Task

Calculating ratios to interpret the financials (Individual activity) (LO3 AS5)

Study the information below about Imbuia Environmental Equipment.

The income statement and balance sheet of Imbuia Environmental Equipment revealed the following:

Long-term loan from OXV Bank: R180 000

Cash and cash equivalents: R82 900

Creditors' control: R3 900

Fixed assets: R250 000

Trading stock: R65 000

Debtors' control: R18 500

Calculate the following ratios and say whether they are over or under the accepted norm and what that implies for the business.

- a) Debt ratio
- b) Current ratio
- c) Quick ratio