

# THE UNIVERSITY OF THE SOUTH PACIFIC SCHOOL OF DISTANCE EDUCATION BACHELOR OF BUSINESS ADMINISTRATION FINANCIAL ACCOUNTING

QUESTION: The following information relates to the operations of a company for the year ended 31 December 2018. The company's financial statements for the year ended 31 December 2018 are as follows:

Particulars	Amount
Revenue	1,000,000
Cost of sales	(400,000)
Gross profit	600,000
Less: Selling expenses	(100,000)
Less: Administrative expenses	(150,000)
Less: Depreciation	(50,000)
Less: Interest	(20,000)
Less: Income tax	(30,000)
Profit before income tax	150,000
Less: Income tax	(45,000)
Profit after income tax	105,000

REQUIRED: Calculate the following ratios for the year ended 31 December 2018:

1. Gross Profit Ratio
2. Operating Profit Ratio
3. Return on Investment Ratio
4. Return on Equity Ratio