SOLUTION 1

(A) (i) Accounting Standards are need to help reporting entities and users of Financial Statement because:

(a) Unless information is disclosed in a uniform manner, industry comparison of companies will be misleading.
(b) It prevents extreme and negative behavior by companies
(c) It protects investors against perceived abuse
(d) It helps create a level of public disclosure deemed necessary and adequate for decision making
(e) It affords greater international comparability of financial reporting and increased credibility of the entire reporting system.

(ii) Cost associated with increased disclosure of information in the financial statements to the reporting entity may include:

(a) The …. of converting accounting systems and training of staff
(b) Extra time needed for an increased disclosure may be high in terms of inputs, labour and decision making
(c) May hinder the conduct of research and experimentation of accounting policy/standard
(d) Objectivity which is an important element of Financial Statements might be sacrificed for the sake of understandability.

(B)

Income Statement: For the year ended 31 December 2010

Finance costs (see working)	GHS1,056,480

Statement of Financial Position as at 31 December

Non-current liabilities	
18% convertible loan note (4,402,000 + 156,480)	GHS598,000
Equity	
Option to convert	GHS598,000

Workings

	Cash Flows	Factor at 24%	Present Value
Year 1 interest	900,000	0.806	725,400
Year 2 interest	900,000	0.650	585,000
Year 3 interest and capital	5,9000,000	0.524	3,091,600
Total value of debt component			4,402,000
Proceeds of the issue			5,000,000
Equity component (residual amount)			598,000

The interest cost in the income statement should be GHS1,056,480 (4,402,000 x 24%), requiring an accrual of GHS156,480 (1,056,480 – 9000,000). This accrual should be added to the carrying value of the debt to arrive at the amortised cost.

(C) (i)

	Historical Cost	CPP Factor	Current Cost
……	(30,000)	240/215	(33,488)
RECEIPTS: Sales	320,000	240/226	339,823
	290,000		305,335
Payment: Purchases	160,000	240/223	172,197
	80,000	240/238	80,672
Sundry Expenses	38,000	240/226	40,354
	278,000		293,223
Net current monetary item 30/4/11	12,000		
Less net current monetary item @ 30/4/11			12,000
Loss on current monetary item			1,112

Income Statement for the year ended 30/4/11

	Historical Cost	CPP Factor	Current Cost
Sales	320,000	240/226	339,823
Cost of sales:			
Opening stock	38,000	240/215	42,419
Purchases	160,000	240/223	172,197
	80,000	240/238	80,672
Closing stock	(18,000)	240/238	(18,151)
	260,000		277,137
Gross profit	60,000		62,686
Sundry expenses	38,000	240/226	40,354
Depreciation	6,000	240/120	12,000
	44,000		52,354
Operating profit	16,000		10,332
Loss on current monetary item			1,112
			9,220

NOTE: Opening Stock + Purchases = Closing Stock + Cost of Sales
38,000 + 240,000 = 18,000 + 260,000

Statement of Financial Position as at 30/4/11

	Historical Cost	CPP Factor	Current Cost
Non-current Asset:			
Property, Plant & Equipment	64,000	240/120	128,000
Depreciation	(24,000)	240/120	(48,000)
	40,000		80,000

Stock	18,000	240/238	18,151
Net current Monetary item	12,000		12,000
Working capital	30,000		30,151
Net Assets	70,000		110,151
Financed By:			
Stated capital	49,000	240/120	98,000
Income surplus	21,000		12,151
	70,000		110,151

(ii)

Statement Reconciling Historical Cost and Current Purchasing Power Operating Profit as at 30/4/11

Operating profit as per Historical Cost	16,000
Increase in sales	19,823
Increase in cost of sales – realized hold. Gain	(17,137)
Increase in expenses	(8,354)
Operating profit on per CPP	10,332

OR

Operating profit as per current purchasing power	10,332
Decrease sales	(19,823|
Decrease in cost of sales – Realised hold Gain	17,137
Decrease in expenses	8,354
…….. per Historical Cost	16,000

SOLUTION 2

(a) **IFRS 27 Provisions**

This has been more strict. Exclusion can no more be permissible under IAS 27 on grounds of temporary control, severe long term restriction and dissimilar activities. Control must be lost for exclusion to occur.

Companies code Provisions

Subject to the approval of the Registrar of companies, group accounts need not deal with a subsidiary of the company if the company's directors are of the opinion that:

- It is impracticable or would be of no real value to the members and debenture holders of the company in view of the insignificance of the momunt involved; or
- It would involve expense of delay out of proportion to the value to members or debenture holders of the company; or

- The results would be misleading ort harmful to the business of the company or any of its subsidiaries; or

- The business of the holding company and that of the subsidiaries are so different that they cannot resuperbly be treated as a single undertaking.

Workings	Akosombo %	Juapong %
Group Interest		
15m x 100% / 20m	75	
6m x 100% / 20m		30
	75	30
N C I	25	Associates
	100	
	Subsidiary	

WK1 – Cost of Investment in Akosombo Ltd

No of shares Acquired 15m shares	
Investment cost	
Share offered	GHS,000
Share exchange	
2 shares for 1 of Tema @ ¢4	
15,000 x ½ x ….	30,000

(2) Deferred consideration
¢2 per share payable in Jan 2011
at Dep. of 20% @¢2 x 15,000
(¢2 x 1,000 @ 0.833) 24,990
54,990

Juanpong Ltd
Cost of Investment
No. of shares acquired 6m shares

6m shares @¢4.5 per share	GHS000
Total cost	27,000
As shown in Tema Balance Sheet	

WK2
Calculation of Goodwill

	Akosombo Ltd Group Int.		GHS000 NCI	
Cost of Investment				
WK	54,990			
Fair value of NCI				
(25% x ¢4.8 x 20m)	_____		24,000	
	54,990		24,000	
Less shareholders Fund at 1/1/2011				
Stated capital	20,000			
Retained earnings (44,000 – 12,000)	32,000			
Revaluation loss	(2,000)			
	50,000			
Group share 75%		(37,500)		
NCI share 25%		_____		(125,000)
Goodwill		17,490		11,500

Juapong		GHS000
Cost of Investment		27,000
Less Shareholders fund at 1/1/11		
Stated capital	20,000	
Retained earnings (80,000 + 10,000 - 24,000)	66,000	
	86,000	
Group share 30%		25,800
Goodwill		1,200

WK3
Investment in Associated Co.
Juapong Ltd

Cost of Investment	27,000
Add post Acquisition retained earnings (24,000 – 10,000) x 30%	4,200
	31,200
Less unrealised profit (25/125 x 5,000 x 30%)	(300)
Investment in Associated	30,900

OR

Shareholders Fund at Balance Sheet	
Equity capital	20,000
Retained profit	80,000
	100,000
Group share 30% interest in Ass.	30,000
Ass. Goodwill	1,200
	31,200
Less unrealised profit	(300)
Investment in Ass.	30,900

WK4	GHS000
Calculation of N. C. I.	
Shareholders fund at Balance sheet date of Akosombo	
Stated capital	20,000
Retained earnings	44,000
Revaluation loss	2,000
	62,000
NCI share 25%	15,500
Add Goodwill	11,500
NCI Total Value	27,000

OR

Market value of NCI (4.8 x 20,000 x 25%)	24,000
Add post acquisition sales (120,000 - ….. x 25%)	3,000
	27,000

TEMA LTD AND ITS SUBSIDIARIES CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	GHS000
Revenue (193,000 + 90,000 – 15,000)	268,000
Less cost of sales (WK5)	(177,400)
	90,600
Less distribution & admn. cost (22,000 + 10,400)	(32,400)
Less finance cost and charges (1,0000 + 600 + 5,010)	58,200
	(6,640)
Add other income (WK6) share of profit of Ass.	51,590
Profit taxation base	3,900
Less taxation (10,000 + 3,000)	55,490
Profit after taxation	(13,000)
Less NCI (12,000 + 25%)	42,490
Profit after tax and NCI	(3,000)
	39,490

INCOME SURPLUS ACCOUNTS

	GHS000
Balance b/f	78,000
Add profit after tax NCI	39,490
	117,490
Less dividend	(25,000)
Balance c/d	92,490

Group shares (14,000 x 30%)	4,200
Less unrealized profit of Ass. (5,000 x 25/125 x 30%)	(300)
	3,900

WK 7

Income Surplus balance b/f	
Tema Ltd (90,000 – 40,000)	50,000
Add back dividend paid by Tema	25,000
Add back dividend paid by Associated Company (10,000 x 30%)	3,000
Balance b/f	78,000

WK8

Income Surplus Balance of then end of the year reconciled	
Balance b/f (Tema)	90,000
Post Acquisition of subsidiary (44,000 – 32,000) x 75%	9,000
Post acquisition of Ass. (80,000 – 60,000) x 30%	4,200
	103,200
Adjust for the following	
Unrealsied profit on stock	(3,000)
Unrealsied profit on plant	(3,000)
Unrealsied profit on Ass. Company	(300)
Retained payments charges (24,990 x 20%)	(5,010)
Add excess depr. On plant transferred	600
	(10,700)
Balance as per Income Statement	92,490

TEMA AND ITS GROUP OF COMPANIES
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010

	GHS000
Non-Current Assets	
Property Plant & Equipment (95,000 + 52,000 – 2,000 – 3,000 + 600)	142,600
Available for sales Investment	36,000
Investment in Associated ….	30,900
Goodwill (17,490 + 11,500)	28,990
	238,490

Current Assets		
Inventory (34,500 + 31,000 – 3,000)	62,500	
Trade receivables (16,000 + 7,500)	23,500	
	86,000	
Current Liabilities		
Sundry (40,000 + 21,500)	61,500	24,500
		262,990
Financed By:		
Stated capital (50,000 + 30,000)		80,000
Retained earnings		92,490
Other equity (36,000 – 32,500)		3,500
		17,990
Non-Controlling Interest		
WK4		27,000
Equity Fund		202,990
Non Current Liabilities		
Loan Notes (25,000 + 5,000)		30,000
Deferred consideration		30,000
		262,990

SOLUTION 3

a) SWEET POTATO LIMITED:

i. Net Assets Method

The share price is obtained by dividing net assets by the number of shares issued. Net assets could be based on book values replacement cost, net realizable value or going concern values. In this case, the appropriate asset values to use are the revalued amounts.

	GHS
Property, plant & equipment	222,000
Patents (GHS20,000 x 3.127)	62,540
Development expenditure (GHS26,100 x 40%)	10,440
Inventories	32,400
Receivables	20,000
Bank & cash	11,888
Payables	(30,800)
14% Medium-Term loan	(24,000)
22% irredeemable …….	(20,000)
NET ASSETS	284,468

Value per share = Net assets/No. of shares issued
= 284,468/(GHS80,000 ÷ 0.20)
= 284,468
= GHS0.711

ii. Price/Earnings Ratio Method

Value per share = P/E ratio x EPS

Earnings per share (EPS) = Earnings Attributable to Ordinary Shareholders / Total No. of Shares Issued

= (GHS28,500 – 4,400) ÷ 400,000

= GHS0.060

As Sweet Potato Limited is not listed on the Ghana Stock Exchange, the P/E ratio of Yam Limited which is listed can be used. However, it should be adjusted **downwards** by a factor (say 20%) to allow for uncertainty in profit growth, non marketability of shares, etc.

:. P/E Ratio = 12.5 x 80% = 10

Value Per Share = P/E Ratio x EPS

= 10 x GHS0.060

= GHS0.60

iii. Dividend Yield Method

Value Per Share = Dividend Per Share ÷ Dividend Yield

Dividend Per share = Total dividends paid to ordinary shareholders ÷ No. of shares issued.

= (GHS12,400 – 4,400) ÷ 400,000

= GHS0.02

As Sweet Potato Limited is not listed on the Ghana Stock Exchange, the dividend yield of Yam Limited which is listed can be used. However, it should be adjusted **upwards** by a factor (say 25%) to allow for high risks in the ownership of the shares.

:. Dividend yield = 6.4% x 1.25 = 8%

Value per share = Dividend per share ÷ Dividend yield

= GHS0.02 ÷ 0.08

= GHS0.25

iv. Discounted Cash Flow Method

Value per share = Present value of discounted Cash Flows ÷ Total No. of Shares Issued.

Determination of Discounted Cash Flow

Year	Profit before Tax GHS	Depreciation	NCF	Risk Factor 18%	PV of NCF
2011	29,800	2,200	32,000	0.847	27,104
2012	32,000	2,450	34,450	0.718	24,735
2013	38,500	3,100	41,600	0.609	25,334
2014	39,600	4,050	43,650	0.516	321,520
2015	43,100	4,260	47,360	0.437	20,692
Present Value					120,389

Value per share	=	PV of NCF ÷ Total No. of shares
	=	GHS120,389 ÷ 400,000
	=	GHS0.30

b) i. Companies whose shares are publicly traded are often more diversified in their activities than privately owned companies; consequently it may be difficult to find a company with a similar range of activities.

ii. Companies whose shares are publicly traded are often bigger than privately owned companies; because of the generally accepted benefits which size brings, a higher dividend yield should be sought from a smaller, but otherwise comparable company.

iii. Levels of equity to assets ratio may differ between companies and hence affect the dividend yield.

iv. Other specific fact ors may need to be taken into account

v. Although a small shareholding is being valued it may hold particular importance to either or both parties (eg. a 2% shareholding being acquired by a 49% shareholder); in such cases the purchaser may be prepared to pay far more than would be indicated by a valuation based on dividend yield.

Earnings yield or Price/Earnings (PE) Ratio

As with dividend yield PE ratio is turned around to value shares in privately owned companies

Value per share = EPS x a suitable PR ratio

Again, any value thence computed is then normally reduced to take into account the non marketability of the shares.

The earnings yield is the reciprocal of the PE ratio. Thus if given a suitable earnings yield, the formula becomes

$$\text{Value per share} = \frac{\text{EPS}}{\text{Yield \%}}$$

The basic choice for a suitable PE ratio will be that a company of comparable size in the same industry; and the same difficulties apply as when a suitable dividend yield is sought.

In addition there is a tendency for dividends to be more stable than earnings, consequently since share prices are broadly based on expected future earnings a PE ratio – based on a single year's reported earnings, may be very different for companies in the same sector.

For example, a high PE ratio may indicate

(a) growth company
the share price is high because continuous high rates of growth of earnings are expected from the company

(b) no growth company
the PE ratio is based on the last reported earnings, which perhaps were exceptionally law yet the share price is based on future earnings which are expected to revert to a 'normal' relatively stable level

3 (a) Alternative

Net Assets:

	GHS	GHS
Stated capital		80,000
Capital surplus	53,450	
Property, plant & equipment	24,500	
Patent	46,184	
Income surplus		124,134
Dev. Cost	112,040	
Inventories	(15,660)	
Provision for bad debts	(11,000)	
	(5,002)	
		80,378
		284,512

Value per share = Net Assets / No. of Equity shares

= 284,512 / 4000,000

= GHS0.711

SOLUTION 4

(a) CAPITAL REDUCTION ACCOUNT

	GHS		GHS
Ordinary shares	100,000	Ordinary shares	300,000
Ordinary shares	40,000	Preference shares	100,000
Pref. Dividend	10,000	Premises	20,000
Income surplus	160,000		
Plant & Equipment	65,000		
Vehicles	5,000		
Inventories	4,000		
Provision – D/D	3,500		
Reorgan Cost	7,500		
Capital surplus	25,000		
	420,000		420,000

STATED CAPITAL ACCOUNT

	GHS		GHS
Bal c/d	340,000	Ordinary shareholders	100,000
		Preference shareholders	40,000
		Preference dividend	10,000
		Creditors	100,000
		Bank	90,000
	340,000		340,000

OR

(a) CAPITAL REDUCTION ACCOUNT

	GHS		GHS
Ordinary shares	40,000	Ordinary shares	200,000
Pref. Dividend	10,000	Preference shares	100,000
Income surplus	160,000	Premises	20,000
Plant & Equipment	65,000		
Vehicles	5,000		
Inventories	4,000		
Provision – D/D	3,500		
Reorgan Cost	7,500		
Capital surplus	25,000		
	320,000		
			320,000

STATED CAPITAL ACCOUNT

	GHS		GHS
Capital Reduction	300,000	Bal b/d	400,000
Bal c/d	340,000	Preference shareholders	40,000
		Preference dividend	10,000
		Creditors	100,000
		Bank	90,000
	640,000		640,000

BANK ACCOUNT

STATED CAPITAL ACCOUNT

	GHS		GHS
Bal b/d	10,000	Reorgan. cost	7,500
Stated capital	90,000	Bal c/d	92,500
	100,000		100,000

(b) STATEMENT OF FINANCIAL POSITION AS AT ……..

	GHS			GHS
Stated capital	340,000	Non-current Asset		
Capital surplus	25,000	Property	100,000	
Current liabilities		Plant & Equipment	125,000	
Payable	40,000	Vehicles	25,000	250,000
		Current Assets		
		Inventories	36,000	
		Receivables	30,000	
		Provision	(3,500)	
		Bank	92,500	155,000
	405,000			405,000

(c) Reconstruction may be introduced to attain one or more of the following:

i. To raise additional finance by issuing partly paid shares in a new company to exchange for fully paid shares in the old. Any uncalled capital must be called up as required.

ii. To take new powers in the regulations.

iii. Write off over valued assets, or a large debit Income surplus Account, or cancel assets not represented by assets.

iv. To arrange the rights of the proprietors as to capital and income.

v. To compromise with creditors.

vi. To return ……..

SOLUTION 5

DRUMS LIMITED
ANALYSIS OF CORPORATE PERFORMANCE FOR 2010

1. **Introduction**
The performance of Drums Ltd for 2010 is being analysed with respect to how it fared the previous year 2009.

2. **Profitability (Notes 1 & 2)**
There is a persistent decline in both gross profit and net profit margins in 2010 from 2009. Gross profit percentage dropped from 21.5% to 15.8% while net profit percentage dropped from 8.0% to just 3.8%. it is obvious that Drums Ltd is unable to control both its cost of sales

and administrative expenses. Management needs to identify non-essential costs and cut them if the Company's declining profit fortunes is to improve. Another area to look at is the appeal of the goods on the market. Volume of sales has declined by 5% (120,000 ÷ 2,400,000 x 100) and even though this is not very material, it should be a matter of concern. Management should find out if a substitute has been introduced into the market. If so, Management should consider re-branding the commodity in order to make it regain its superior position in the market.

3. **Efficiency of Operations (Note 3 & 4)**

There is a mix of performance in terms of operational efficiency of Drums Ltd in terms of the ability of its assets to generate sales, it did better in 2010 than in 2009. In 2010, one unit of asset generated 1.21 units of sales as compared to 1.01 units of sales in 2009. In terms of stock turnover, this is better in 2009 (6.71 time) than in 2010 (6.52 times). In terms of sales collection, Drums Ltd is now able to collect it sales from bettors in 48 days as compared to 53 days in 2009. It is also able to delay payment to its creditors in 2010. Whereas it had to pay up within 91 days in 2009, it now has up to 97 days to pay for its purchases in 2010. These seeming operational gains may have come about as a result of a strong orientation of the marketing team. Yet it is a mixed and confusing combination of gains and loses. The overall position is that, return on capital employed has dropped from a respectful high of 12.1% in 2009 to a mere 8.1% in 2010. What this means is that the gains in collecting sales early and paying for purchases much later was not miximised and this may have accounted for the overall erosion of the gains.

4. **Investment (Notes 8 – 10)**

The inefficiency in operations is probably getting to the ears of investors and so they are eager to enjoy high dividends today than wait for an unknown tomorrow. What else can account for the fact that 75% of earnings are paid out as dividends in 2010 as compared to 50% in 2009. Given the severe drop in earnings to GHS86,760 from GHS192,400, the funds should have been retained for investment. Rather, it was paid out in dividends. The related increase in stock price to GHS2.50 from GHS1.50 is surprising but may be due to heated disposal and acquisition of the company's shares in the confusing state of its affairs. No wonder dividend yield has dropped from a respectable 32.1% to a mere 13.0% in 2010.

5. **Leverage (Notes 13 & 14)**

The competing pressure between shareholders and long-term financiers may have compelled Drums Ltd to reduce its long-term borrowing. The company is now committed to long-term lenders up to just 3.3% in 2010 from 3.6% in 2009. Probably the delayed payment to trade creditors is serving as a means of finance without interest payment (ie free loan) and this is helping to reduce the dependence on long-term financing. However, this is not delivering the expected relief as earnings now cover interest payment of only 35.3 times in 2010. In the previous year, earnings could confidently pay interest up to 40.5 times.

6. **Liquidity Ratios (Notes 11 & 12)**

Liquidity ratios give a measure of the ability with which a company is able to pay its debts as they fall due. Between 2009 and 2010, both current and quick ratios worsened for Drums Ltd.

The current ratio declined to 0.84 from 1.1 per ¢1.00 liability coverage in 2009 meaning that the company will have considerable difficulty in paying its debts as they fall due. This situation is even worse for the quick ratio which also dropped from 0.68 to a mere 0.47 per ¢1.00 coverage of current liabilities. It simply means that Drums Ltd cannot respond to an emergency in the settlement of its crucial debts. This is highly risky as it may lead an impatient creditor to file for liquidation of Drums Ltd.

7. **Cash Flow**

There is both a serious drop in the net cash flow to GHS51,950 in 2010 from GHS432,000 (ie 88.0%) and an unprecedented commitment to capital expenditure incurred in investing activities amounting to GHS84,750 in 2010 from GHS2,150 in 2009 (ie an increase of 3,842%). Such a huge capital expansion is normally done through raising capital on the stock market. However, Drums Ltd chose to embark on this wild project from its own resources as can be seen in the huge drop in financing activities from GHS25,000 in 2009 to a mere GHS15,200 in 2010. No wonder there is an overall drop in the increase in cash and cash equivalents to a negative GHS48,000 in 2010 from a high of GhS455,250 in 2009 (ie a drop of 1,048%). Such poor instances of corporate decision making may have accounted for the mixture of pressures the Company is going through in 2010.

8. **Conclusion**

A lot of financial indicators are pointing to the wrong way Drums Ltd. From the cash flow statement, there is a 1,048% drop in the net cash increase for the year. From the profit and loss account, a drop in the volume of sales (by 5%) has resulted in an overall decline in profit attributable to shareholders (by 55.0%) and retained profit for the year (by 77.5%). From the balance sheet, an increase in current liabilities (by 6.6%) but a decrease in current assets (by 18.2%) plus a decrease in fixed assets (by 22.7%) has resulted in an overall decline in the growth of owners equity (by 33.1%). Clearly, the writing is on the wall for Drums Ltd. Unless stringent measures are taken to improve on the quality of corporate decisions and to positively embark on those engagements as will help reverse the many losses of the company, the collapse of the Company may be quite imminent.

Workings

DRUMS LIMITED

A) Profitability Ratios

		2010 GHS	2009 GHS
1)	Gross Profit Percentage	360,000 x 100 / 2,280,000	516,000 x 100 / 2,400,000
	Gross Profit x 100 / Sales	**15.8%**	**21.5%**

	2010 GHS	2009 GHS
2) Net Profit Percentage		
Net Profit After Tax x 100 Sales	86,760 x 100 2,280,000	195000 x 100 2,400,000
	= **3.8%**	= **8.0%**

B) Efficiency Ratios

3) Total Assets Turnover		
Sales Total Assets	2,280,000 1,224,000 + 648,200	2,400,000 1,584,000 + 792,800
	= **1.21**	= **1.01**
4) Stock Turnover		
Cost of Sales Average Stock	1,920,000 300,250 + 288,400 ÷ 2	1,884,000 260,500 + 300,250 ÷ 2
	= **6.52 times**	= **6.71 times**
5) Debtors Collection Period		
Receivable Average Daily Turnover	299,800 2,280,000 ÷ 365	348,050 2,400,000 ÷ 365
	= **48 days**	= **53 days**
6) Creditors Payment Period		
Trade Payables Average Daily Purchases	504,900 1,908,150 ÷365	480,700 1,923,750 ÷ 365
	= **97 days**	= **91 days**
7) Return on Capital Employed (ROCE)		
Profit Available to Shareholders x 100 Capital Employed (Shareholders' Fund)	86,760 x 100 1,067,300	192,000 x 100 1,595,500
	= **8.1%**	= **12.1%**

C) Investment Ratios

8) Pay Out ratio

Total Dividend Paid x 100 / Profit Available to Shareholders	65,070 x 100 / 86,760	96,300 x 100 / 192,600
	= **75.0%**	= **50.0%**

9) Price/Earnings Ratio

Share Price / Earnings per share	2.50 / 86,760 ÷ 200,000	150 / 192,600 ÷ 200,000
	= **5.76**	= **1.56**

10) Dividend Yield

Dividend Per Share / Share Price	65,070 ÷200,000 x 100 / 2.50	96,300 ÷ 200,000 x 100 / 1.50
	= **13.0%**	= **32.1%**

D) Liquidity Ratio

11) Current Ratio

Current Assets / Current Liabilities	648,200 / 768,900	792,800 / 721,300
	= **0.84:**	= **1.1:1**

12) Quick Ratio

Cash + Marketable Securities + Debtors / Current Liabilities	359,800 / 768,900	492,550 / 721,300
	= **0.47:1**	= **0.68:1**

E) Leverage Ratios

13) Debt Ratio

Long Term Debt x 100 / Long Term Debt + Equity	36,000 x 100 / 36,000 + 1,067,300	60,000 x 100 / 60,000 + 1,595,500
	= **3.3%**	= **3.6%**

14) Times Interest Covered

EBIT + Depreciation / Interest	120,000 + 32,400 / 4,320	264,000 + 27,600 / 7,200
	= **35.3 times**	= **40.5 times**

F) Others

15) Purchases: 2010 = 1,920,000 + 288,400 – 300,250

= GHS1,908,150

2009 = 1,884,000 + 300,250 – 260,500

= **GHS1,923,750**