

Answer key;

Group one; (10⁰)

1-T 2- T 3- F 4- F 5-T

Group two; (10⁰)

1- B 2- C 3- B 4- A 5- C

Group three (25⁰)

Items	2021	2022	Changes in Sp	Changes in %
Cash	1,590,000	1,950,000	360.000	1,22 or 22%
inventories	3,570,000	4,890,000	1.320.000	136.97 or 36.97%
Prepaid expense	950,000	850,000	(100.000)	(10.,52) or 89.47%
Account receivable	2,590,000	3,450,000	860.000	1,33.20 or 33.20%
Note receivable	450,000	850,000	400.000	1,88.88 or 88.88%
Total assets	9,150,000	11,990,000	2840.000	1,31.038 or 31.033 %
Common stock	8,000,000	8,000,000	0000	000%
Account payable	1,50,000	750,000	600.000	400% or 4 th times
Note payable	500,000	1850,000	1.350.000	270% or 270 times
Rent payable	500,000	1,390,000	890.000	178% or 178 times
Total liabilities & OE	9,150,000	11,990,000	2.840.000	131.038 or 31.038 times

Comments; (5⁰)

It seems the company was doing very very good , all its assets except prepaid expense has been increased rabidly.

The problem is with receivable; note receivable increased 88.88 percent, whereas account receivable 33.20% only. That indicate portion of account receivable could be changed from account receivable to note receivable, that indicate receivable will take longer times to be collected, and will be riskier (more risky); also we don't know wither these note bearing interest or not, if not, the profitability will be low.

Group four (50⁰)

(40⁰)

Items	2020	2021	2022
Sales revenues	100	100	100
Cost of goods sold	<u>(51.74)</u>	<u>(49.87)</u>	<u>(60.78)</u>
<i>Gross profits</i>	48.25	50.12	39.21
Sale& general administration Expense	(17.23)	(15.69)	(13.72)
Other operating expenses	(3.45)	(3.29)	(3.9)
<i>Operating income</i>	27.57	31.14	21.56
Other income (including interest income)	<u>17.23</u>	18.98	19.61
<i>Total income for the period</i>	44.8	50.12	41.18
Other expenses (including interest expenses)	(10.3)	(9.6)	(21.58)
<i>Income before income taxes</i>	34.46	40.50	19.60
Income taxes (15%)	(5.17)	(6.07)	(2.94)
<i>Net income</i>	<u>29.29</u>	<u>34.43</u>	<u>16.67</u>

Comments on the statement; (10⁰)

Using sale's revenue as a base to analyse the financial position of the company is an excellent slandered to measure the entity's performance during years 2020-2021-2022;

I noticed that, the entity's net profit for year 2020 was 29.29% of gross profit, it's good accomplishment. Grose profit also was 48.74% it's almost around halve of the revenues, also operating income was 27.57 which is the most important indicator of the company's performance. Total income for the period is 44.8, that's mean operating income represent over 61.54% of total income, that's mean that major income comes from the company's operation:

Our analyses for year 2021 reveal better accomplishment than year 2020; especially operating income which around 31.14% whereas it was 29.29% during year 2020, and net income increase also to 34.14 which reflect better performance than year 2020.

Our analyses for year 2022 reflect lower performance than year 2020 & 2021; I reflect this decrease to many reasons; increase at cost of goods sold to around 60%, which affect gross profit to decrease to 39.21; at the same time lower income decrease from 31.14 year 2021 to 21.56 year 2022:

Dr;Abdulrahman Merhi