

has been managed as well as last year and more. Debtors collection period requires the ratio to first divide total sales by their trade debtors and then times the answer by 365 as it's the number of days in a year. In 2006 the outcome was 16.5 days, whilst in 2007 its 25.9 days. The result is that money is being collected from debtors slower in 2007, which is a problem since it can lead to other assets being more expensive such as bank and stock. Finally, the ratio formula for the creditor payment period is calculated by dividing purchases of stock by their trade creditors and then again times the answer by 365, where the outcome during 2006 is 26.32 days and 2007 its 43.45 days. This shows that creditors are being paid later in contrast to last year, which is a concern since it would put records with suppliers on edge and they will doubt selling goods on credit to the company. These ratios have shown Domestic Dog Homes that they've progressed very little compared to last year, but they now understand the economic situation they're in because these accounting relations have pointed out the critical points in their financial statements.

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