

In 2015, Haji Biryani's acid test ratio was 0.9.

(d) Analyse the impact of this acid test ratio on Haji Biryani.

(6)

This means that the restaurant group's current liabilities are not covered by the current assets of the business such as stock including spices and rice. The ratio 0.9 is quite good as they will sell the curry and rice and make money quickly. Therefore Haji may have problems with liquidity problems and the restaurant may be at risk of expanding the business more than. Also the ratio is below 1 this is not a problem as they could be efficient with the capital.