INDIAN SCHOOL DARSAIT
DEPARTMENT OF COMMERCE

Subject : Accountancy	Topic : Ratio Analysis	Date of Issue:__/__/ 2019 Worksheet No.16
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Name of the Student :_________________	Class & Division : XII___	Roll Number : __

1. From the following Calculate Current Ratio and Liquid Ratio

Liabilities	Amount	Assets	Amount
Share Capital	24,000	Machinery	40,000
12% Debentures	15,000	Inventory	17,000
Profit & Loss Account	6,000	Trade Receivable	9,000
Trade Payable	23,400	Cash	2,280
Provision for Taxation	600	Prepaid Expense	720
	69,000		69,000

2. Average Inventory Rs.1,49,000
   Liquid Assets Rs.1,01,000
   Current liabilities Rs.190000
   Calculate (a) Current Ratio (b) Acid Test Ratio

3. Current liabilities of a Company are Rs.1,50,000. Its Current ratio is 3:1 and Acid test ratio is 1:1. Calculate (a) Current Assets (b) Liquid Assets (c) Inventory

4. A Firm has a current ratio of 3:1. Its Net working Capital is Rs.2,00,000. Inventory Rs.2,20,000. Calculate (a) Current assets (b) Liquid Assets (c) Current liabilities

5. Current ratio 2:1. Working Capital Rs.36,000. Calculate Current Assets and Current Liabilities.

6. Current Ratio 2.5; working Capital Rs.60,000. Calculate the amount of Current Assets and Current liabilities.

7. Current liabilities of a company are Rs. 80,000. Its Current ratio is 4:1 and Quick Ratio is 3:1. Calculate the value of Inventory-in- trade.

8. Current ratio is 4.5:1 and liquid ratio 3:1. If its inventory is Rs.24,000, Find out its total current liabilities & current assets.

9. Current ratio 3.5:1 and Quick ratio 2:1. If the Inventory is Rs24,000, Calculate total Current liabilities and current assets.

10. Inventory Rs.3,00,000. Total Liquid assets are Rs.12,00,000 and Quick ratio is 2:1. Calculate current ratio.

11. Current ratio 4, Liquid Ratio 2.5, Inventory Rs.6,00,000 Calculate Current Asset& Current Liabilities.

12. Quick ratio 2:1. If its Inventory is Rs.20,000 and its total current liabilities are Rs.50,000, find out its current ratio.

13. A firm had current liabilities of Rs.90,000. It then acquired Inventory at a cost of Rs.10,000 on credit. After this acquisition, the current ratio was 2:1. Determine the size of current assets and working Capital after and before the Inventory was acquired.

14. A firm had Current Assets of Rs.60,000. It then paid a current liability of Rs.20,000. After this payment, the current ratio was 2:1. Determine the size of current assets and working Capital after and before the payment was made..

15. The ratio of Current Assets (Rs.6,00,000) to Current liabilities (Rs.4,00,000) is 1.5:1. The accountant of the firm is interested in maintaining a Current ratio of 2:1 by paying off a part of the current liabilities. Compute the amount of current liabilities that should be paid, so that the current ratio at the level of 2:1 may be maintained.

16. The ratio of Current Assets (Rs.5,00,000) to Current liabilities (Rs.2,00,000) is 2.5:1. The accountant of the firm is interested in maintaining a Current ratio of 2:1 by acquiring Inventory on credit as current assets. Compute the amount of current Assets that should be purchased, so that the current ratio at the level of 2:1 may be maintained

17. Total Assets Rs.1,10,000. Fixed Assets Rs.50,000. Capital Employed Rs.1,00,000. There were no long term investments. Calculate current ratio.

18. Inventory turnover is 5 times. Inventory at the end is Rs.12,000 more than at the beginning. Credit Revenue from Operation Rs.2,00,000. Gross profit rate ¼ on Cost. Current liabilities Rs.60,000. Acid test ratio 0.75 times. Calculate Current ratio.

19. Calculate the current assets of a company from the following information.
    Inventory turnover ratio 5 times
    Inventory at the end is Rs.15,000 more than at the beginning.
    Revenue from Operation Rs.2,00,000
    Gross profit ratio 25%
    Current liabilities Rs .50,000.
    Quick ratio 0.75 times.

20. From the following Calculate Debt Equity ratio and Current ratio.

	Rs.
Share Capital	2,50,000
Bills payable	15,000
Trade Payable	45,000
Trade Receivable	60,000
12% Debentures	2,80,000
Bank balance	30,000
Long term loan	1,10,000
General Reserve	25,000

21. Which of the following suggestions would increase, decrease and not change it if
    (a) Current ratio is 2:1 (b) Debt Equity Ratio 1:2
    (i) Issue of shares
    (ii) Redemption of Debentures
    (iii) Cash received from Debtors
    (iv) Purchase of goods on credit
    (v) Sale of goods on credit
    (vi) Conversion of Debentures into Equity shares.
    (vii) Discounting Bills of Exchange

22. From the following Balance Sheet Calculate (a) Debt Equity Ratio (b) Total Asset to Debt ratio (c) Current ratio and (d) Liquid ratio (e) Proprietary ratio

Liabilities	Amount	Assets	Amount
Equity Share Capital	2,00,000	Non- Current Assets	5,00,000
Preference share Capital	50,000	Inventory	1,10,000
Reserves Surplus	50,000	Liquid assets	90,000
12% Mortgage Loan	2,20,000		
10% debentures	80,000		
Bank overdraft	50,000		
Trade Payable	40,000		
Outstanding expenses	10,000		
	7,00,000		7,00,000

23. From the following Calculate:
    (a) Proprietary Ratio
    (b) Debt Equity Ratio

(c) Total asset to Debt ratio
(d) Current ratio
(e) Acid test ratio

	Rs.
Equity share Capital	4,00,000
Pref. Share capital	4,00,000
Reserves and Surplus	1,50,000
Securities premium Reserve	20,000
10% Debentures	80,000
Current liabilities	80,000
Fixed Assets	9,60,000
Inventories	50,000
Liquid assets	1,00,000

24. (a)Calculate Interest coverage ratio

Net profit after interest and Tax	Rs.6,00,000
Income tax @ 40%	
10% Debentures	Rs.4,00,000

(b) Net profit after interest and Tax	Rs.2,00,000
Income tax @ 50%	
10% Debentures	Rs.3,00,000

(c)Net profit after Interest and Tax	Rs. 6,00,000
12% Debentures	Rs.15,00,000
Provision for taxation	Rs. 1,20,000

25. Calculate Inventory Turnover Ratio from the following:-

	Rs
(a)Opening Inventory	40,000
Closing Inventory	20,000
Purchases	1,00.000
Carriage inward	10,000
Revenue from Operation	2,00,000

(b)Opening Inventory	1,16,000
Closing Inventory	1,24,000
Revenue from Operation	1,28,000
Gross profit 25% on Cost	

(c)Opening Inventory	30,000
Closing Inventory	50,000
Revenue from Operation	4,80,000
Gross Profit is 1/4th on Cost.	

d)Average Inventory Rs.40,000
Inventory Turnover Ratio 6 Times
Selling price 25% above Cost. Calculate the amount of Gross profit and Revenue from Operation.

(e) Average Inventory Rs.1,60,000
Inventory Turnover Ratio 6 Times
Gross Profit 25% on Cost. Calculate the amount of Gross profit and Revenue from Operation.

(f) Average Inventory Rs.80,000
Inventory Turnover Ratio 4 Times
Gross Profit 20% on Revenue from Operation. Calculate the amount of Gross profit and Revenue from Operation.

(d) Average Inventory Rs.60,000
Inventory Turnover Ratio 5 Times

Gross Profit 20% on Revenue from Operation. Calculate the amount of Gross profit and Revenue from Operation.

(e)Rs.8,00,000 is the Cost of Revenue from Operation of a concern during 2014. If Inventory turnover is 4 Times, Inventory at the end is 1.5 times of the beginning. Calculate Opening Inventory and closing Inventory.

(f) Rs.6,00,000 is the Cost of Revenue from Operation of a concern during 2015. If Inventory turnover is 12 Times, Inventory at the end is 1.5 times more than that in the beginning. Calculate Opening Inventory and closing Inventory

(g) Rs.4,00,000 is the Cost of Revenue from Operation of a concern during 2015. If Inventory turnover is 4 Times, Calculate Inventory at the end of the year. Inventory at the end is 3 times more than that in the beginning.

(h)Inventory Turnover 5 times. Total Revenue from Operation Rs.2,00.000. Rate of Gross profit on Cost 25%. Calculate Opening Inventory and Closing Inventory. Closing Inventory is more by Rs.10,000 than the opening Inventory.

(i)Cost of Revenue from Operation Rs.3,20,000. Inventory turnover Ratio 4 Times. Calculate Opening Inventory and Closing Inventory and closing Inventory is Rs.12,000 more than Opening Inventory.

(j)Cost of Revenue from Operation Rs.4,00,000. Inventory turnover Ratio 10 Times. Calculate Opening Inventory and Closing Inventory and closing Inventory is Rs.7,000 more than Opening Inventory.

(k)Cost of Revenue from Operation Rs.1,80,000. Inventory turnover Ratio 3 Times. Calculate Opening Inventory and Closing Inventory and Opening Inventory is Rs.20,000 more than Closing Inventory.

(l)Cost of Revenue from Operation Rs.3,60,000. Inventory turnover Ratio 4 Times. Calculate Opening Inventory and Closing Inventory and Opening Inventory is Rs.24,000 more than Closing Inventory .

26. Calculate Trade Receivable Turnover ratio and Debt Collection period:-

	Rs.
(a)Revenue from Operation for the year	2,00,000
Cash Revenue from Operation for the year	40,000
Trade Receivable at the beginning	20,000
Trade Receivable at the end	60,000

(b)Total Revenue from Operation	10,00,000
Credit Revenue from Operation	8,00,000
Debtors	80,000
Bills Receivable	20,000

27. Rs.3,50,000 is the Net Credit Revenue from Operation of a firm during 2014. If Trade Receivable turnover is 8 times, Calculate Opening Trade Receivable and closing Trade Receivable. Trade Receivable at the end is more by Rs. 15,000 than at the beginning.

28. Total Revenue from Operation Rs.30,00,000. Cash Revenue from Operation being 25% of Credit Revenue from Operation. Closing Trade Receivable Rs.8,00,000. Closing Trade Receivable over opening Trade Receivable Rs.4,00,000. Calculate Trade Receivable Turnover Ratio and Debt collection period.

29. Calculate the amount of opening Trade Receivable and Closing Trade Receivable from the following
Trade Receivable turnover ratio 4 times
Cost of Revenue from Operation Rs.6,40,000
Gross profit ratio 20%
Closing Trade Receivable were Rs.20,000 more than at the beginning.
Cash Revenue from Operation being 331/3% of Credit Revenue from Operation.

30. Calculate (a) Current Asset Turnover ratio (b) Working Capital Turnover ratio
(c) Fixed Assets Turnover ratio (d) Trade Payable Turnover Ratio

Liabilities	Amount	Assets	Amount
Share Capital	150,000	Fixed Assets	2,55,000
12% Debentures	120,000	Trade Debtors	60,000
Trade Creditors	30,000	Bills Receivable	30,000
Bank Overdraft	55000	Inventory	40,000
Bills Payable	50,000	Cash	20,000
	405,000		405,000

Revenue from Operation during the year Rs.6,00,000.Net Purchase Rs.3,60,000 and Cash Purchase Rs.1,20,000

31. Calculate Trade Payable Turnover Ratio from the following.
(a) Closing Trade Payable Rs.45,000, Net Purchase Rs.3,60,000, Purchase Returns Rs.60,000, Cash Purchases Rs.90,000 and Reserve for discount on closing Trade Payable Rs.10,000.

(b) Opening Trade Payable Rs.15,000, Closing Trade Payable Rs.45,000, Net purchases Rs.3,60,000, Reserve for discount on closing Trade Payable Rs.10,000.

(c)Closing Trade Payable Rs.45,000, Net purchases Rs.3,60,000, Reserve for discount on closing Trade Payable Rs.5,000.

32. From the following Balance sheet of Abbas Ltd, Calculate (a) Fixed assets Turnover Ratio (b) Current Assets Turnover Ratio and (c) Working Capital turnover Ratio(d) Trade Payables Turnover Ratio

Liabilities	Amount	Assets	Amount
Share Capital	4,00,000	Machinery	3,50,000
10% Debentures	50,000	Inventory	70,000
Bills Payable	16000	Trade Receivable	50,000
Sundry Creditors	24000	Cash	30,000
	5,00,000		5,00,000

Net Revenue from Operation for the year amounted to Rs.7,00,000 and Credit Purchases Rs.3,20,000.

33. From the following information Calculate
Debt Equity ratio
Return on Investment
Interest Coverage Ratio

Equity Share Capital (Rs.10 each)	Rs.3,20,000
10%Preference share Capital	Rs.2,00,000
General Reserve	Rs.1,20,000
Profit & Loss A/c	Rs.2,00,000
Loan @15% Interest	Rs.4,00,000
Revenue from Operation for the year	Rs.11,20,000
Tax paid during the year	Rs. 80,000
Profit for the current year after interest and tax	Rs.1,60,000.

34. A company had a Liquid ratio of 1.5 and Current ratio of 2 and inventory turnover ratio 6 times. It had total current assets of Rs.8,00,000 in the year 2003.Find out annual Revenue from Operation if goods are sold at 25% profit on cost.

35. Calculate Inventory Turnover ratio from the following:
Revenue from Operation Rs.2,00,000, Gross Profit 25% on cost. Opening Inventory was 1/3rd of the value of closing Inventory. Closing Inventory was 30% of Revenue from Operation.

36. Inventory Turnover Ratio is 3 times. Revenue from Operation are Rs.1,80,000. Opening Inventory is Rs.2,000 more than Closing Inventory. Calculate Opening Inventory and Closing Inventory When goods are sold at 20% profit on Cost.

37. Mr. Nirmal owns a business and gives the following figures for two successive years

	Year I	Year II
Revenue from Operation	30,000	60,000
Gross Profit	7,500	12,000

He speaks very highly of his Manager who has increased the profit from Rs.7,500 to Rs.12,000 and describes him "dynamically successful". Do you agree with him? If not, why?

38. From the following calculate Gross profit ratio, Operating ratio and Net profit ratio.

Cost of Revenue from Operation	Rs. 5,20,000
Operating expenses	Rs. 1,80,000
Revenue from Operation	Rs. 8,00,000

39. Operating Ratio 92 per cent, Operating Expenses Rs.94,000, Revenue from Operation Rs.5,60,000, Calculate Cost of Revenue from Operation.

40. Cost of Revenue from Operation Rs.2,20,000, Selling expenses Rs.12,000, Office expenses Rs.8,000, Depreciation Rs.6,000 and Revenue from Operation Rs.3,20,000. Calculate Operating ratio.

41. A Co. earns a gross profit of 20% on Cost. Its credit Revenue from Operation is twice of its cash Revenue from Operation. If the credit Revenue from Operation are Rs.4,00,000, Calculate Gross Profit Ratio.

42. Revenue from Operation Rs.4,00,000, Cash Revenue from Operation Rs.1,00,000, Gross Profit Rs.1,00,000, Office and Selling Expenses Rs.60,000. Calculate Operating Ratio.

43. From the following calculate Net profit ratio.

Net Profit After Tax	Rs. 30,000
Revenue from Operation	Rs.3,00,000
Net profit before Tax	Rs.45,000

44. Gross Profit of XYZ Ltd for the year 2008-09 is Rs. 4,60,000. From the following Information calculate Net profit ratio:

Administrative Expenses	Rs.1,50,000
Selling & distribution Expenses	Rs. 1,10,000
Interest on Debentures	Rs. 70,000
Income tax	Rs. 40,000
Revenue from Operation	Rs.25,00,000.

45. Calculate Return on Investment from the following:-

	Rs
Net profit after interest and Tax Rs.4,00,000	
Income tax @ 60%	
10% Debentures	Rs.2,00,000
Share Capital	Rs.6,00,000
Reserves and Surplus	Rs.3,00,000

46. (a) Net profit after interest and Tax Rs.5,00,000

Income tax @ 50%	
10% Interest on Debentures	Rs.1,00,000
Share Capital	Rs.4,00,000
Reserves and Surplus	Rs.2,00,000
General Reserve	Rs.1,80,000

(b) Net profit after interest and Tax Rs.9,00,000

Income tax @ 30%	
10% Interest on Debentures	Rs.1,00,000
Share Capital	Rs.6,00,000
Reserves and Surplus	Rs.5,00,000

(c) Net profit after interest and Tax Rs.12,00,000

Income tax @ 50%	
10% Interest on Debentures	Rs.1,00,000
Net Fixed Assets	Rs.8,00,000
Trade Investments	Rs.3,00,000
Current Assets	Rs.2,60,000

Current Liabilities	Rs.1,20,000

(d) Equity Share capital	16,00,000
10% Pref. Share capital	4,00,000
General Reserve	7,54,000
10% Debentures	1,60,000
Current Liabilities	4,00,000
Net profit (after Debenture Int. but Before income tax)	3,20,000
Income tax	50%

47. From the following Calculate (a) Operating ratio (b) Return on capital employed (c) Gross profit ratio (d) Net profit ratio

	Rs
Revenue from Operation	15,00,000
Cost of Revenue from Operation	9,00,000
Operating expenses	2,40,000
Interest charges	9,000
Current Assets	5,00,000
Current Liabilities	3,00,000
Fixed Assets	7,00,000

48. (a) Gross profit ratio 20%, Cash Revenue from Operation Rs.1,50,000, Credit Revenue from Operation 90% and indirect expense Rs 20,000. Calculate Net profit ratio.

(b) A Company's ROI is 25% before tax. Tax paid by the Company at 60%. The company has a loan of Rs.30 lakhs as part of the capital employed on which interest is paid @15% p.a. What is the amount by which shareholders gain from these being the loan.

(c) A Company's ROI is 30% before tax. Tax is paid by the company @40%. The company has 12% Preference Shares of Rs.30,00,000 and 9% Debentures of Rs.20,00,000 as part of capital employed. What is the amount by which shareholders gain from there being loan?

(d) A Company's ROI is 40% before tax. Tax paid by the Company at 50%. The company has a loan of Rs.40 lakhs as part of the capital employed on which interest paid @15% p.a. 10% of the Profit is transferred to General Reserve. What is the amount by which shareholders gain from these being the loan.

49. From the following calculate (a) Gross profit ratio (b) Net profit ratio (c) Return on Capital employed.

Revenue from Operation	30,00,000
Cost of Revenue from Operation	20,00,000
Net Profit after tax	3,00,000
Current Assets	6,00,000
Current Liabilities	2,00,000
Paid up Share Capital	5,00,000
10%Debentures	2,50,000
Tax 50%	

50. Operating Ratio 86.17%. Calculate Operating profit Ratio.

51. Operating Profit ratio is 77%. Calculate Operating Ratio.

52. Operating Ratio of a Company is 80%. State giving reasons, which of the following transactions will increase, decrease or not alter the Operating Ratio:
   a. Purchase of Stock-in-Trade Rs.7,000.
   b. Purchases Return Rs.2,000.

c. Revenue from Operations Rs.500.
d. Sales Return Rs.300.
e. Goods Costing Rs.2,000 drawn for personal use.
f. Office Expenses paid Rs.5,000 and Goods costing Rs.2,000 distributed as free samples.
g. Payment to Creditors Rs.100.
h. Sold Building Rs.5,00,000.
i. Paid Income Tax Rs.7,000.

53. Current Ratio of a company is 2:1. State giving reasons, which of the following would improve, reduce or no change the ratio:

(i) Declaration of a final dividend.
(ii) Issue of bonus shares out of profits.
(iii) Bills receivable endorsed in favor of a creditor.
(iv) Endorsed bill dishonored.
(v) Bills receivables dishonored at maturity.
(vi) Bills payable accepted for 3 months.
(vii) Bills payable paid at maturity.
(viii) Redemption of Preference Shares out of proceeds from fresh issue of shares of equal amount.
(ix) Fully Convertible Debentures (FCD) converted into Equity Shares.

54. Assuming that Debt-Equity Ratio is 2:1. State, giving reasons, whether this ratio will increase or Decrease or will have no change in each of the following cases:

i) Purchase of a Fixed Asset by taking long term loans.
ii) Sale of Fixed Assets (Book Value Rs.40,000) at a loss of Rs.5,000.
iii) Sale of Fixed Assets (Book Value Rs.40,000) for 50,000.
iv) Issue of New Shares for Cash.
v) Issue of Bonus Shares.
vi) Redemption of Debentures for Cash.
vii) Conversion of Debentures into Equity Shares.
viii) Declaration of Final Dividend.

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