Ratio Analysis

Q1. Rs.2,00,000 is the cost of goods sold, Inventory turnover ratio is 8 times; stock at the beginning is 1.5 times more than the stock at the end. Calculate the value of Opening and closing stock.

Q2. Calculate Debtors turnover ratio and Average collection period from the following particulars as on 31st Dec. 2008 assuming 365 working days in a year:-

	Rs.		Rs.
Total gross sales	11,00,000	Total Debtors on 31.12.07	55,000
Cash sales	1,65,000	Total Debtors on 31.12.08	66,000
Sales return	11,000	Bills Receivable on 31.12.07	11,000
Provision of Doubtful Debts	1,910	Bills Receivable on 31.12.08	22,000

Q3. From the following figures pertaining to two companies A Ltd. and B Ltd. belonging to plastic industry. Calculate the Gross profit ratio of the two companies. Which company is doing better?

Particulars	A Ltd. (Rs.)	B Ltd. (Rs.)
Net profit after interest	75,000	1,10,000
Indirect expenses	10,000	15,000
Interest paid on debentures	15,000	25,000
Sales(Gross)	3,30,000	3,80,000
Sales return	10,000	20,000

Q4. Calculate Operating Ratio and Operating Profit Ratio from the following information:

	Rs.
Net Sales	8,00,000
Cash Sales	2,00,000
Gross Profit Ratio	20%
Office & Selling Expenses	60,000
Depreciation	20,000
Loss on sale of plant	10,000

Q5. From the following details, calculate Return On Investment:-

	Rs.
Equity share capital	4,00,000
Preference share capital	1,00,000
General Reserve	2,75,000
10% Debentures	4,00,000
Current liabilities	1,00,000
Discount on issue of shares	5,000
Net profit (after interest & tax)	80,000
Rate of Tax	50%

Q6. . Calculate Debtors turnover ratio and Average collection period from the following:-
Credit sales for the year Rs.60,000, Debtors Rs.5,000 , Bills Receivable Rs.5,000

Q7. A) Calculate Total Asset to Debt ratio

Total Debts Rs 900000 , Capital employed Rs 1100000, Current liabilities Rs 100000.

B) Calculate stock if:

Current Ratio = 4, Quick Ratio = 3 and Working capital Rs 108000.

Q8. . A company had a liquid ratio of 1.5 and current ratio of 2 and inventory turnover ratio 6 times. It has total current assets of Rs. 8,00,000 in the year 2003. Find out annual sales if goods are sold at 25% profit on Cost.

Q9. (a) From the given information, calculate stock turnover ratio.
Sales Rs. 5,00,000, Gross profit 25%; Opening stock was 1/3rd of the value of closing stock; Closing stock was 30% of sales.

(b) A Business has current ratio of 3: 1 and quick ratio of 1.8: 1, if the working capital is Rs. 1,60,000. Calculate the total current assets and stock

Q10. Q1. Following is the Balance Sheet of X Ltd. as on 31stMarch,2008

Liabilities	Rs.	Assets	Rs.
Bills payable Creditors 10% Long term loan Profit & Loss A/c Reserves Share capital	10,00,000 15,00,000 10,00,000 5,00,000 5,00,000 10,00,000	Cash Bills Receivable Debtors Stock Investment Fixed Assets (Net)	1,00,000 4,00,000 20,00,000 9,00,000 1,00,000 20,00,000
	55,00,000		55,00,000

The existing liquid ratio stands at 1:1. A liability of Rs.4,00,000 under dispute has to be paid immediately as per Court order. Show the effect of this order on Liquid ratio & Current ratio.

Q11. The current ratio of a company is 2:1. State giving reason that payment of Dividend already declared, would improve, reduce or not alter the current ratio.

Q12. From the following data, calculate Quick ratio:-

Working capital Rs.2,50,000; Total debts Rs.4,00,000; Long term debts Rs.3,20,000; stock Rs.2,00,000; Prepaid expenses Rs.10,000.

Q13. The ratio of current assets (Rs.3,00,000) to current liabilities is 2.4:1. The accountant of this firm is interested in maintaining a current ratio of 2:1 by acquiring some current assets on credit. You are required to suggest him the amount of current assets which must be acquired for this purpose.

Q14. The Debt Equity ratio of a company is 1:2. Explain issue of new equity shares of RS.75,000 would increase, decrease or not change it.

Q15. The Debt Equity ratio of a company is 0.67:1. Explain that conversion of Debentures into Equity shares would increase, decrease or not change it.

Q16. From the given information calculate the stock turnover ratio:

Sales Rs.2,00,000; Gross profit 25% on cost; Opening stock was 1/3rd of the value of closing stock. Closing Stock was 30% of sales.

Q17. Net profit of a company was 20%. Its indirect expenses were Rs.80,000 and cash sales was Rs.3,00,000. The credit sales were 80% of the total sales. Calculate the Gross profit ratio of company.

Q18. . On the basis of the following information, calculate:

(i) Debt Equity Ratio
(ii) Working Capital Turnover Ratio

Information: Net Sales Rs.60,00,000; Cost of goods sold Rs.45,00,000; other current assets Rs.11,00,000; Current Liabilities Rs.4,00,000; Paid up Share Capital Rs.6,00,000; 6% Debentures Rs.3,00,000; 9% Loan Rs.1,00,000; Debenture Redemption Reserve Rs.2,00,000; Closing Stock Rs.1,00,000.

Q19. Calculate debtor turnover ratio and average collection period from the following information-

Total sales- 840000, cash sales are 40% of credit sales, closing debtors 100000, and opening debtors being 4/5 of closing debtors.