Ratio Analysis

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| 1 | What do you mean by Ratio?<br>What do you mean by Ratio Analysis? | 1<br>1 |
| 1<br><br><br><br>2<br><br><br>3<br><br><br>4<br><br>5 | Following information is given to you:<br>Inventory Turnover Ratio 5 times. Inventory at the end Rs 8000 more than Inventory at the beginning. Revenue from operations Rs 400000 and Gross profit Ratio 25% on cost. Calculate Opening and Closing Inventory.<br>Calculate the amount of gross profit from the following information:<br>Average Inventory Rs 80000; Inventory Turnover Ratio= 6 times and Selling price= 25% above cost.<br>A company earns a gross profit of 20% on cost. Its credit sales are twice to its cash sales. if the credit sales are Rs 400000. Calculate Gross Profit Ratio.<br>From the following information calculate Opening stock and closing stock:<br>Stock turnover ratio 6 times. Gross profit 20% on sales. Sales Rs 180000. closing stock is Rs 15000 in excess of opening stock<br>Total sales Rs 600000; gross profit 25% on sales; stock turnover ratio 5times. Closing stock is Rs 12000 more than opening stock. Calculate value of opening and closing stock. | 2<br><br><br><br>2<br><br><br>2<br><br><br>2<br><br>2 |
| 1<br><br><br><br><br><br><br><br><br><br>2<br><br><br>3 | From the following information, compute Debt-Equity Ratio:<br>Long term Borrowings Rs 200000; Long Term Provisions Rs 100000; Non- Current Assets Rs 360000 and Current Assets Rs 90000.<br>OR<br>A firm Debt Equity ratio is 2:1. State giving reason whether the following transaction results into increase, Decrease or no change in ratio:<br>a) Issue of 8% Debentures for Rs 100000.<br>b) Issue of 11% preference shares for Rs 200000.<br>c) Borrowed loan of Rs 50000 from Bank.<br><br>Assuming that debt equity ratio of a company is 0.8:1. State giving reason whether the ratio will improve, decline or will have no change in case the long term loan is obtained by the company.<br>Calculate the debt equity ratio from the following information: general reserve 160000; 10% debentures 150000; current liabilities 100000; preliminary expenses 10000 and equity share capital 200000.<br>OR<br>From the following information calculate Interest coverage ratio:<br>Net profit before tax Rs 510000; Rate of Income Tax 30% and 12% Debentures Rs 1000000. | <br>2<br><br><br><br><br><br><br><br><br>2<br><br><br>2 |
| 1<br><br><br><br><br>2<br><br><br><br>3 | From the following information compute Current Ratio<br>a) Total Assets Rs 150000; Non-Current Assets Rs 30000; Shareholder's Funds Rs 70000; Non-Current liabilities Rs 60000.<br>b) The current ratio of a enterprise is 2.8 times. If its current liabilities were valued at Rs 40000. calculate its current ratio.<br>a) The current ratio of a enterprise is 2.8 times. If its working capital is estimated at Rs 90000. calculate its current assets and current liabilities.<br>b) A firm current ratio was 3times whereas its Quick ratio was 1.2 times. If closing inventory was valued at Rs 72000 calculate the value of current assets and liquid assets.<br>a) Stock turnover ratio of a firm is 4times. Stock in the beginning was Rs 20000 less than stock at the end. Sales Rs 600000. Gross profit ratio 25%. Current liabilities Rs 60000 and quick ratio 0.75: 1. Calculate current ratio of a company.<br>b) A business has a current ratio of 3:1 and a quick ratio of 1.8:1. If the working capital is Rs 160000, calculate the amount of current assets and stock. | 2<br><br><br><br><br>2<br><br><br><br>2 |

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| 4 | a) Calculate current assets of a company from the following information:<br>Inventory turnover ratio 4 times; Stock at the end is Rs 20000 more than stock in the beginning. Revenue from operations ( Net sales) Rs 300000; Gross profit ratio 25%; Current Liabilities Rs 40000; Quick Ratio 0.75. | 2 |
| 5 | The current Ratio of a company is 3 times. State giving reason which of the following transactions would increase, decrease or not change the ratio:<br>i) Paid Rent in advance Rs 20000.<br>ii) Purchased goods from Ram on Credit Rs 50000.<br>iii) Included in the trade payables was a bills payable of Rs 50000 which was met on maturity. | 2 |