

Ratio Analysis

Question 1

From the following information, compute Current Ratio:

Trade Receivables	1,00,000	Bills Payable	20,000
Prepaid Expenses	10,000	Sundry Creditors	40,000
Cash & Cash Equivalents	30,000	Debentures	2,00,000
Short term investments	20,000	Inventories	40,000
Machinery	7,000	Expenses Payable	40,000

Question 2

Calculate Current Ratio from the following information:

Total Assets	3,00,000	Non- Current Liabilities	80,000
Fixed Assets	1,60,000	Non- current Investments	1,00,000
Shareholder's Funds	2,00,000		

Question 3

Current Assets are Rs 4,00,000; Inventories Rs 2,00,000; Working Capital Rs 2,40,000. Calculate Current Ratio.

Question 4

Current Assets are Rs 5,25,000; Inventories Rs 2,00,000 (includes Loose Tools Rs 75,000); Working Capital Rs 2,25,000, calculate current ratio.

Question 5

Trade Payables are Rs 50,000; Working Capital is Rs 18,00,000; Current Liabilities are Rs 6,00,000. Calculate Current Ratio.

Question 6

Working Capital is Rs 9,00,000, Total Assets are Rs 45,00,000, Non- Current Assets are Rs 33,00,000. Calculate Current Ratio.

Question 7

Working Capital is Rs 10,00,000; Total Debts are Rs 45,00,000; Non- Current Liabilities are Rs 40,00,000. Calculate Current Ratio.

Question 8

Current Ratio is 2.5; Working Capital is Rs 60,000. Calculate the amount of current assets and current liabilities.

Question 9

Working Capital is Rs 7,20,000; Trade Payables Rs 40,000; Other Current Liabilities Rs 2,00,000. Calculate Current Ratio.

Question 10

Calculate Current Ratio from the following:

Working Capital Rs 1,50,000; Total Liabilities (other than Shareholder's funds) Rs 3,25,000; Long Term debts Rs 2,50,000.

Question 11

A company had Current Assets of Rs 3,00,000 and Current Liabilities of Rs 1,40,000. Afterwards it purchased goods for Rs 20,000 on credit. Calculate Current Ratio after purchase.

Question 12

Current Liabilities of a company were Rs 1,00,000 and its Current Ratio was 2.5: 1. It paid Rs 25,000 to a creditor. Calculate Current Ratio after the payment.

Question 13

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 a part of the Current Liabilities. Compute amount of Current Liabilities that should be paid, so that Current Ratio at the level of 2:1 may be maintained.

Question 14

A firm had Current Assets of Rs 3,00,000. It paid Current Liabilities of Rs 60,000. After the payment, Current Ratio was 2:1. Determine Current Liabilities and Working Capital after and before the payment was made.

Question 15

Wye Ltd. has furnished following information regarding its Current Assets and Current Liabilities:

Current Assets	Amount	Current Liabilities	Amount
Cash & Cash Equivalents	5,000	Sundry Creditors	25,000
Debtors	29,000	Bills Payable	16,000
Bills Receivable	5,000	Outstanding Expenses	8,000
Marketable Securities	15,000	Provision for Expenses	5,000
Inventories	54,000		
	1,08,000		54,000

Question 16

Calculate Liquid Ratio from the following information:

Current Liabilities	50,000	Prepaid Expenses	5,000
Current Assets	80,000	Trade Receivables	30,000
Inventories	25,000		

Question 17

Inventories are Rs 80,000; Working Capital Rs 2,40,000; Current Assets Rs 4,00,000; calculate Liquid Ratio.

Question 18

Calculate Acid Test Ratio from the following:

Working Capital Rs 1,80,000; Total Debts i.e. Outside Liabilities Rs 3,90,000; Long- term Debts Rs 3,00,000; Inventories Rs 90,000

Question 19

Current liabilities of a company are Rs 3,00,000. Its Current Ratio is 3 and Liquid Ratio is 1. Calculate value of inventories.

Question 20

Current Ratio of A Ltd. is 4.5:1 and Liquid Ratio is 3:1. If its inventories are Rs 3,00,000, find out its Current Liabilities; Current assets and Quick Assets.

Question 21

Quick Ratio 1.5; Current Assets Rs 1,00,000; Current Liabilities Rs 40,000. Calculate value of Inventories.

Question 22

A firm has Current Ratio of 4:1 and Quick Ratio of 2.5:1. If inventories are Rs 22,500, find out total Current Assets and total Current Liabilities.

Question 23

Working capital of a company is Rs 6,00,000. Its current ratio is 2.5:1. Calculate value of:

- Current Liabilities
- Current Assets, and
- Liquid Ratio assuming inventories of Rs 4,00,000

Question 24

Current Assets of a company are Rs 17,00,000. Its current ratio is 2.50 and liquid ratio is 0.95, calculate current liabilities, liquid assets and inventory.

Question 25

From the following calculate Quick Ratio and Current Ratio:

Total Debt	12,00,000	Long- term Borrowings	4,00,000
Total Assets	16,00,000	Long- term Provisions	4,00,000
Fixed Assets	6,00,000	Inventories	1,90,000
Non- current Investments	1,00,000	Prepaid Expenses	10,000
Long- term loans & advances	1,00,000		

Question 26

From the following data, calculate current ratio:

Liquid Assets Rs 37,500; Inventories Rs 10,000; Prepaid Expenses Rs 2,500; Working Capital Rs 30,000.

Question 27

Current Liabilities of A Ltd are Rs. 5,00,000 and Acid Test Ratio is 3:1. Inventories are Rs 2,50,000. Find Current Assets and Current Ratio.

Question 28

Following is the Balance Sheet of Wye Limited as at 31st March, 2020:

Particulars		Note No.	Amount
I	Equity And Liabilities		
	1. Shareholders' Funds		
	(a) Share Capital		2,40,000
	(b) Reserves and Surplus		60,000
	2. Non-Current Liabilities		

	<i>Long- term Borrowings: 10% Debentures</i>	1,50,000
	3. Current Liabilities	
	(a) Trade Payables	2,34,000
	(b) Short- Term Provisions	6,000
	Total	6,90,000
II	Assets	
	1. Non- Current Assets	
	Fixed Assets:	
	Tangible Assets	4,50,000
	2. Current Assets	
	(a) Inventories	1,20,000
	(b) Trade Receivables	90,000
	© Cash and Cash Equivalents	22,800
	(d) <i>Other Current Assets:</i>	
	Prepaid Expenses	7,200
	Total	6,90,000

Calculate:

- (i) Current Ratio, and
- (ii) Liquid Ratio

What conclusions do you draw about the company on the basis of these ratios?

Question 29

From the following information, calculate Debt to Equity Ratio:

Share Capital: 10,000 Equity Shares of Rs 10 each	1,00,000
General Reserves	45,000
Surplus, i.e., Balance in Statement of Profit & Loss	30,000
Debentures	75,000
Long-term provisions	25,000
Outstanding Expenses	10,000

Question 30

Calculate Debt to Equity Ratio from the following information:

Total Assets	1,25,000
Total Debts, i.e., external debts	1,00,000
Current Liabilities	50,000

Question 31

From the following information, compute Debt to Equity Ratio:

Shareholders' Funds:

Equity Share Capital	2,00,000
Reserves & Surplus	1,50,000

Long-term Borrowings:

10% Debentures	3,50,000
Current Liabilities	1,00,000

Question 32

From the following information, compute Debt to Equity Ratio:

Long-term Borrowings	5,00,000	Equity Share Capital	2,00,000
Long-term Provisions	1,00,000	General Reserves	2,00,000
Surplus, i.e., Balance in Statement of Profit and Loss (Dr.)	1,00,000		

Question 33

From the following information, compute Debt to Equity Ratio:

Long-term Borrowings	2,00,000	Non-current Assets	3,60,000
Long-term Provisions	1,00,000	Current Assets	90,000
Current Liabilities	50,000		

Question 34

Calculate Debt to Equity Ratio from the following information:

Fixed Assets (Gross)	6,00,000	Current Assets	2,50,000
Accumulated Depreciation	1,00,000	Current Liabilities	2,00,000
Non- Current Investments	30,000	Long-term Borrowings	3,00,000
Long-term Loans & Advances	20,000	Long-term Provisions	1,00,000

Question 35

Calculate Total Assets to Debt Ratio from the following information:

Long term debts Rs 16,00,000; Total Assets Rs 24,00,000

Question 36

Shareholders' Funds Rs 14,00,000; Total Debts Rs 18,00,000; Current Liabilities Rs 2,00,000. Calculate Total Assets to Debt Ratio.

Question 37

From the following information, calculate Total Assets to Debt Ratio:

Capital Employed	22,20,000	Equity Share Capital	10,50,000
Current Liabilities	1,80,000	8% Debentures	3,00,000
Fixed Assets (Gross)	15,00,000	Capital Reserves	2,40,000
Accumulated Depreciation	2,00,000		
Surplus, i.e., balance in statement of Profit & Loss (Dr)			30,000
Non- current investments	7,00,000	Trade Receivables	2,50,000
Cash & Cash Equivalents	1,50,000		

Question 38

From the following information, calculate Total Assets to Debt Ratio:

Capital Employed	25,00,000	Equity Share Capital	14,30,000
Investment	2,10,000	8% Debentures	4,00,000
Land	8,50,000	Capital Reserves	2,75,000
Trade Receivables	2,75,000	Cash & Cash Equivalents	1,50,000
Balance in Statement of Profit and Loss	1,50,000		

Question 39

Total Debts Rs 15,00,000; Current Liabilities Rs 5,00,000; Capital Employed Rs 15,00,000. Calculate Total Assets to Debt Ratio.

Question 40

From the following information of Shiva Ltd.; calculate Total Assets to Debt Ratio:

Equity Share Capital	5,00,000
9% Preference Share Capital	4,00,000
Fixed Assets	12,00,000
Non- Current Investments	1,50,000
Reserves & Surplus	2,40,000
Current Assets	1,90,000
Current Liabilities	1,00,000

Question 41

Shareholders' Funds Rs 8,00,000; Total Borrowings Rs 18,00,000; Short- Term Borrowings Rs 2,00,000; Other Current Liabilities Rs 6,00,000. Calculate Total Assets to Debt Ratio.

Question 42

Calculate Total Assets to Debt Ratio from the following information:

Total Debt Rs 48,00,000; Shareholders' Funds Rs 8,00,000; Reserves & Surplus Rs 2,00,000; Current Assets Rs 20,00,000; Working Capital Rs 4,00,000.

Question 43

Fixed Assets (Gross) Rs 10,00,000; Accumulated Depreciation Rs 5,00,000; Non- Current Investments Rs 50,000; Long- term Loans & Advances Rs 2,00,000; Current Assets Rs 2,50,000; Current Liabilities Rs 10,00,000; Long- Term Borrowings Rs 3,25,000; Long term Provisions Rs 2,75,000. Calculate Total Assets to Debt Ratio.

Question 44

From the following information, calculate Proprietary Ratio:

Share Capital Rs 5,00,000; Reserves & Surplus Rs 3,00,000; Non- Current Assets Rs 22,00,000; Current Assets Rs 10,00,000

Question 45

From the following information, calculate Proprietary Ratio:

Shareholders' Funds		Non- Current Assets	
Equity Share Capital	1,00,000	Fixed Assets (Tangible)	1,25,000
Preference Share Capital	50,000	Current Assets	
Reserve & Surplus	25,000	Current Investments	75,000
Non- Current Liabilities		Cash & Cash Equivalents	40,000
Debentures	60,000	Other Current Assets	
Current Liabilities		(Prepaid Expenses)	10,000
Trade Payables	<u>15,000</u>		
	<u>2,50,000</u>		<u>2,50,000</u>

Question 46

From the following information, calculate Debt to Equity Ratio, Proprietary Ratio and Total Assets to Debt Ratio:

Equity Share Capital	2,00,000	12% Debentures	16,00,000
10% Preference Share Capital	3,00,000	Current Liabilities	6,80,000
Reserves & Surplus:		Fixed Assets (Tangible)	21,00,000

General Reserve	2,50,000	Long- Term Trade Investments	2,00,000
Current Assets	8,80,000		
Surplus, i.e., balance in statement of profit & loss	1,50,000		

Question 47

From the following information, calculate Proprietary Ratio, Debt to Equity Ratio and Total Assets to Debt Ratio:

Non- current Assets Rs 40,00,000; Current Assets Rs 40,00,000; Long- term Borrowings Rs 25,00,000; Long- term Provisions Rs 15,00,000; Current Liabilities Rs 20,00,000.

Question 48

From the following details obtained from the financial statements of Jeev Ltd., calculate Interest Coverage Ratio:

Net Profit After Tax	1,20,000
12% Long- term Debt	20,00,000
Tax Rate	40%

Question 49

From the following information, calculate Inventory Turnover Ratio:

Cost of Revenue from Operations (Cost of Goods Sold)	4,50,000
Inventories in the beginning of the year	1,00,000
Inventories at the end of the year	1,25,000

Question 50

From the following information, calculate Inventory Turnover Ratio:

Revenue from Operations	5,00,000
<i>Inventory:</i> Opening	75,000
Closing	1,25,000

Question 51

From the following information, calculate Inventory Turnover Ratio:

Opening Inventory	30,000	Closing Inventory	9,000
Purchases	69,000	Wages	4,500
Carriage Inwards	3,000	Freight Outwards	5,000

Question 52

Opening Inventory Rs 29,000; Purchases Rs 2,42,000; Revenue from Operations, i.e., Net Sales Rs 3,20,000; Gross Profit 25% on Sales. Calculate Inventory Turnover Ratio.

Question 53

Opening Inventory Rs 29,000; Closing Inventory Rs 31,000; Revenue from Operations (Net Sales) Rs 3,00,000; Gross Profit 25% on cost. Calculate Inventory Turnover Ratio.

Question 54

From the following information, calculate Inventory Turnover Ratio:

Net Sales Rs 4,00,000; Average Inventory Rs 55,000; Gross Loss on Sales is 10%.

Question 55

From the following information, calculate Inventory Turnover Ratio:

Total Sales Rs 2,20,000; Sales Returns Rs 20,000; Gross Profit Rs 50,000; Closing Inventory Rs 60,000; Excess of Closing Inventory over Opening Inventory Rs 20,000.

Question 56

Rs 2,00,000 is Cost of Revenue from Operations (Cost of Goods Sold); Inventory Turnover Ratio 8 Times; Inventory in the beginning is 1.5 times more than the Inventory at the end. Calculate the values of Opening and Closing Inventory.

Question 57

Cash revenue from operations Rs 50,000; Credit revenue from operations Rs 1,50,000. Gross Profit 25% on cost. Closing Inventory was 3 times the Opening Inventory. Opening Inventory was 10% of cost of revenue from operations. Calculate Inventory Turnover Ratio.

Question 58

Calculate Trade Receivables Turnover Ratio and Average Collection Period:

Credit Revenue from Operations (Net Credit Sales) for the year is Rs 6,00,000 and Debtors and Bills Receivable at the year end were Rs 60,000 and Rs 40,000 respectively.

Question 59

Calculate Trade Receivables Turnover Ratio from the following:

Total Net Sales for 2019- 20	2,00,000
Net Cash Sales for 2019- 20	40,000
Debtors as at 1 st April, 2019	35,000
Debtors as at 31 st March, 2020	55,000

Question 60

From the following information, calculate Trade Receivables Turnover Ratio:

Trade Receivables: Opening	20,000	Total Revenue from Operations	2,00,000
Closing	25,000	Cash Revenue from Operations	87,500
Provision for Doubtful Debts: Opening	2,000		
Closing	2,500		

Question 61

Calculate Trade Receivables Turnover Ratio from the following:

Closing Debtors Rs 40,000; Net Credit Sales being 25% of Net Cash Sales; Excess of Closing Debtors over Opening Debtors Rs 20,000; Total Net Sales Rs 1,50,000.

Question 62

From the following details, calculate Trade Receivables Turnover Ratio:

Total Sales for the year (Net)	1,75,000
Cash Sales (Net)	20% of Total Net Sales
Sales Return- Out of Credit Sales	10,000

Sundry Debtors:

Opening Balance	8,000
Closing Balance	12,000

Question 63

From the following information, calculate Trade Receivables Turnover Ratio:

Cost of Revenue from Operations (Cost of Goods Sold)-	Rs 3,00,000
Opening Debtors	Rs 50,000
Closing Debtors	Rs 1,00,000
Gross Profit on Cost- 25%	
Cash Sales- 20% of Total Sales	

Question 64

Calculate Opening and Closing Trade Receivables from the following information if Trade Receivables Turnover Ratio is 3 Times:

- Cash Revenue from Operations is $\frac{1}{3}$ rd of Credit Revenue from Operations.
- Cost of Revenue from Operations Rs 2,40,000
- Gross Profit 25% on Cost of Revenue from Operations.
- Trade Receivables at the end were 3 times more than that of in the beginning

Question 65

From the following Balance Sheet of Maharaja Ltd. as at 31st March, 2020 and additional information, calculate Trade Receivables Turnover Ratio and Debt Collection Period (in months):

Balance Sheet as at 31st March, 2020

Particulars		Note No.	Rs.
I.	Equity And Liabilities		
	1. Shareholders' Funds		
	a. Share Capital		5,00,000
	b. Reserves & Surplus		2,00,000
	2. Non- Current Liabilities		
	Long – Term Borrowings		2,50,000
	3. Current Liabilities		
	a. Trade Payables		2,00,000
	b. Short- term Provisions		10,000
Total			11,60,000
II.	Assets		
	1. Non- Current Assets		
	Fixed Assets (Tangible Assets)		7,00,000
	2. Current Assets		
	a. Inventories		1,00,000
	b. Trade Receivables		3,50,000
	c. Cash and Cash Equivalents		10,000
Total			11,60,000

Additional Information:

- Revenue from Operations, i.e., Net Sales being Credit Sales Rs 15,00,000 and Cash Sales Rs 2,50,000.
- Trade Receivables in the beginning of the year were Rs 4,50,000.

Question 66

From the following particulars taken from the books of Tata Press Ltd., calculate Trade Payables Turnover Ratio and Average Payable Period (in days):

Total Purchases	8,50,000	Creditors at the end of the Year	1,60,000
Cash Purchases	1,00,000	Creditors in the Beginning	1,20,000
Purchases Returns	50,000		

Question 67

Opening Sundry Creditors Rs 80,000; Opening Bills Payable Rs 3,000; Closing Sundry Creditors Rs 1,00,000; Closing Bills Payable Rs 17,000; Purchases Rs 14,00,000; Cash Purchases Rs 5,00,000; Purchases Return Rs 1,00,000. Calculate Trade Payables Turnover Ratio.

Question 68

From the following information, calculate opening and closing trade payables:

Cash Purchases 25% of total purchases; Revenue from operations Rs 10,00,000; Gross Profit 25% of revenue from operations; Opening Inventory Rs 2,50,000; Closing Inventory Rs 5,00,000; Trade payables turnover ratio 3 times; closing trade payables were Rs 2,50,000 in excess of opening trade payables.

Question 69

Calculate Working Capital Turnover Ratio from the following:

Current Assets Rs 9,00,000; Revenue from Operations Rs 30,00,000; Current Liabilities Rs 3,00,000; Sales Return Rs 50,000.

Question 70

Current Assets Rs 12,00,000; Current Liabilities Rs 2,40,000; Sales: Credit Rs 24,00,000 and Cash Rs 5,20,000; Sales Return Rs 40,000; calculate Working Capital Turnover Ratio from the above information.

Question 71

Calculate Working Capital Turnover Ratio from the following:

Cost of Revenue from Operations	1,50,000
Current Assets	1,00,000
Current Liabilities	75,000

Question 72

From the following information, calculate Gross Profit Ratio:

	31 st March, 2019	31 st March, 2020
Revenue from Operations (Net Sales)	1,60,000	2,00,000
Gross Profit	40,000	60,000

Question 73

Compute Gross Profit Ratio from the following information:

Revenue from operations Rs 6,00,000; Gross Profit 25% on cost.

Question 74

Cash sales are 25% of Total Sales; Purchases Rs 6,90,000; Credit Sales Rs 6,00,000; Excess of Closing Inventory over Opening Inventory Rs 50,000.