**Multiple Choice Questions for Financial Ratio**

1. Which of the following is not a Current Asset?
2. Inventory
3. Pre-paid expenses
4. *Fixture*
5. None
6. The Quick Ratio excludes
7. Accounts Receivable
8. Inventory
9. Cash
10. None

Use the following information to answer Question no. 3 and 4

Item of the Balance Sheet Rs.

Cash 10,000

Accounts Receivables 30,000

Inventory 80,000

Prepaid Insurance 6,000

Long-term Assets 200,000

Accounts Payable 30,000

Notes payable due in 10 months 25,000

Wages payable 5,000

Long-term Liabilities 70,000

Owner’s Equity 196,000

1. Company’s Working Capital
2. 60,000
3. *66,000*
4. 196,000
5. None
6. Company’s Current Ratio
7. 1.0:1
8. 2.0:1
9. *2.1:1*
10. None

Use the following information to answer Question no. 5and 6

Company’s last year sales (all on Credit) of R. 830,000and Cost of Goods sold is Rs.525,000

At the beginning of the year its Accounts Receivables were Rs. 80,000 and its Inventory was Rs. 100,000.At the end of the year its Accounts Receivable were Rs. 86,000 and Inventory was 110,000.

1. The Inventory Turnover Ratio for the year was
2. 4.8
3. *5.0*
4. 7.9
5. None
6. The Accounts Receivables Turnover Ratio for the year was
7. 6.3
8. 7.5
9. *10.0*
10. None
11. The following data relates to a small company.

Gross Sales = Rs. 10,00,000

Sales Return= Rs. 90,000

Cost of Goods sold= Rs. 675,000

Gross Profit Ratio of the Company is

1. 32.50%
2. *25.82%*
3. 35.71%
4. None
5. Which of the following are likely to have the reported amounts on the Balance Sheet being close to their Current value?
6. Current Assets
7. Long term Assets
8. Stockholder’s Equity
9. None
10. To calculate Operating Profit Ratio, which expense(s) is not to be excluded
11. Administration expenses
12. Selling expenses
13. *Loss on Account of Fire*
14. None
15. Current Asset minus Current liability is the
16. Net worth
17. Current Ratio
18. *Working Capital*
19. Shareholder’s fund