Q6. Handa Ltd has inventory of Rs.2,00,000. Total liquid assets are Rs.1,00,000 and quick ratio is 2:1. Calculate current ratio

Solution:

$$\text{Quick Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liablities}}$$

$$\text{or } 2 = \frac{1,00,000}{\text{Current Liablities}}$$

$$\text{or, Current Liablities} = \frac{1,00,000}{2}$$

$$= 50,000$$

$$\text{Current Assets} = \text{Liquid Assets} + \text{Inventory}$$

$$= 1,00,000 + 20,000$$

$$= 1,20,000$$

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liablities}}$$

$$= \frac{1,20,000}{50,000}$$

$$= \frac{2.4}{1}$$

$$= 2.4 : 1$$

********** END *********