



Q8. Calculate Current Ratio if :

Inventory is Rs.6,00,000; Liquid Assets Rs.24,00,000; Quick Ratio 2:1

Solution:

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

$$\text{or } 2 = \frac{24,00,000}{\text{Current Liabilities}}$$

$$\text{Current Liabilities} = \frac{24,00,000}{2} = 12,00,000$$

$$\begin{aligned}\text{Current Assets} &= \text{Liquid Assets} + \text{Inventory} \\ &= 24,00,000 + 6,00,000 \\ &= 30,00,000\end{aligned}$$

$$\begin{aligned}\text{Current Ratio} &= \frac{\text{Current Assets}}{\text{Current Liabilities}} \\ &= \frac{30,00,000}{12,00,000} = \frac{2.5}{1} = 2.5 : 1\end{aligned}$$

***** END *****