



Q11. From the following information calculate

- i. Gross Profit Ratio
- ii. Inventory Turnover Ratio
- iii. Current Ratio
- iv. Liquid Ratio
- v. Net Profit Ratio
- vi. Working Capital Ratio

	₹
Revenue from operations	25,20,000
Net Profit	3,60,000
Cost of Revenue from Operations	19,20,000
Long Term Debts	9,00,000
Trade Payables	2,00,000
Average Inventory	8,00,000
Current Assets*	7,60,000
Fixed Assets	14,40,000
Current Liabilities	6,00,000
Net Profit before Interest and Tax	8,00,000

Solution:

$$(i) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Revenue from Operations}} \times 100$$

$$\text{Gross Profit} = \text{Net Revenue from Operations} - \text{Cost of Revenue from Operations}$$

$$= 25,20,000 - 19,20,000$$

$$= 6,00,000$$

$$\text{Gross Profit Ratio} = \frac{6,00,000}{25,20,000} \times 100 = 23.81$$

$$(ii) \text{ Inventory Turnover Ratio} = \frac{\text{Cost of Revenue from operations}}{\text{Average Inventory}}$$

$$= \frac{19,20,000}{8,00,000}$$

$$= 2.4 \text{ times}$$

$$(iii) \text{ Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

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

$$= 7,60,000 + 8,00,000$$

$$= 15,60,000$$

$$\text{Current Ratio} = \frac{15,60,000}{6,00,000} = \frac{2.6}{1} = 2.6 : 1$$

$$(iv) \text{ Liquid Ratio} = \frac{\text{Liquid Assets}}{\text{Current Liabilities}}$$

$$= \frac{7,60,000}{6,00,000}$$

$$= \frac{1.27}{1}$$

$$= 1.27 : 1$$

$$(v) \text{ Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Revenue from operations}} \times 100$$

$$= \frac{3,60,000}{25,20,000} \times 100$$

$$= 14.28\%$$

$$(vi)$$

$$\text{Working Capital Ratio} = \frac{\text{Revenue from Operations}}{\text{Working Capital}}$$

$$\text{Working Capital} = \text{Current Assets} - \text{Current Liabilities}$$

$$= 15,60,000 - 6,00,000$$

$$= 9,60,000$$

$$\text{Working Capital Ratio} = \frac{25,20,000}{9,60,000}$$

$$= 2,625 \text{ times}$$

Note: Presuming that figure of ₹7,60,000 does not include the value of stock.

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