UDHNA CITIZEN COMMERCE COLLEGE &
S.P.B. COLLEGE OF BUSINESS ADMINISTRATION &
SMT. DIWALIBEN HARJIBHAI GONDALIA COLLEGE OF BCA & IT
(Self Financed)
(Managed by Udhna Academy Education Trust)
214, Ranchhod Nagar, Opp. Swaminarayan Temple,Surat-Navsari Road, SURAT-394 210

Ratio Analysis

1. Stock turnover is 8 times
   Sales Rs. 500000
   Gross profit is 25% on cost.
   Closing stock is Rs. 10000 more than opening stock.
   Find out the closing stock.

2. Current ratio 2.8:1
   Liquidity ratio 1.5:1
   Working Capital Rs. 81000
   There is no bank overdraft in Current Liabilities. Find out Current assets, Current Liabilities and Liquid assets.

3 Following is the info. Of Ganesh co. ltd. Calculate current assets, current liabilities, liquid assets & liquid liabilities.
   Current ratio 2.5:1
   Liquid ratio 3:1
   Working cap. Rs. 60000
   Stock is 2 times than B.O.D.

Q.4 The balance sheet of Ankur Co. Ltd. as on 31.3.2019 is as under:

		Particulars	**Rs.**
I		**EQUITY AND LIABILITIES**	
	1.	Shareholders' Funds:	
	a.	Share Capital	
		Equity Share capital (Rs. 10)	240000
		10% Red. Pref. share capital (Rs. 10 each)	160000
	b.	Reserves and Surplus	
		General Reserve	40000
	2.	Non-Current Liabilities:	
	a.	Long-term borrowings: 10% Debentures	180000
	3.	Current liabilities:	
	a.	Trade payables: Creditors Bills payable	56000 20000

	b.	Other current liabilities: Bank overdraft Outstanding expenses	10000 4000
		Total	**<u>710000</u>**
II		**ASSETS**	
	1	**Non-Current Assets:**	
	a.	Fixed Assets	
	1.	Tangible Assets	
		Land and Buildings	270000
		Machinery	160000
	b.	Other Non-Current Assets: Preliminary expense	100000
	2.	**Current Assets:**	
	a.	Inventories	20000
	b.	Trade receivable	
		Debtors	56480
		Bills receivable	18400
	c.	Cash and cash equivalents	
		Cash	85120
		Bank balance	-
		Total	**<u>710000</u>**

Additional Information:

	Rs.
Credit sales (60% of total sales)	480000
Adjusted purchases	480000
Net profit (after deducting interest and tax)	80000
Administrative expenses	50000
Financial expenses	26000
Sales and Distribution Expenses	4000
Stock on1.04.2018	80000

Rate of income tax on profit is 50%.

Calculate the following ratios:

1. Liquidity ratio
2. Gross profit ratio
3. Operating ratio
4. Stock turnover ratio
5. Debtor ratio (assume 360 days)
6. Rate of return on capital employed
7. Rate of return on equity share capital

Q.5 The following is summarized balance sheet of Smit Ltd. As on 31st March 2018.

		Particulars	Rs.
I		**EQUITY AND LIABILITIES**	
	1.	Shareholders' Funds:	
	a.	Share Capital	
		Equity Share capital	300000
		10% redeemable Pref. share capital	150000
	b.	Reserves and Surplus	115000
	c.	Money received against share warrants	

	2.	Share Application Money pending allotment	
	3.	Non-Current Liabilities:	
	a.	Long-term borrowings: 8% Debentures	200000
	b.	Deferred Tax liability (Net)	
	c.	Other long term liabilities	
	d.	Long-term provisions	
	4.	Current liabilities:	
	a.	Short-term borrowings: Bank overdraft	30000
	b.	Trade payables: Creditors	110000
		Bills payable	20000
	c.	Other current liabilities: Outstanding expenses	10000
	d.	Short-term provisions:	
		Total	**935000**
II		**ASSETS**	
	1	**Non-Current Assets:**	
	a.	Fixed Assets	
	1.	Tangible Assets	600000
	2.	Intangible Assets:	
	b.	Non-Current Investments	
	c.	Long-term loans & Advances	
	d.	Other Non-Current Assets: Preliminary expenses	15000
	2.	**Current Assets:**	
	a.	Current investments:	
	b.	Inventories	120000
	c.	Trade receivable: Debtors	100000
		Bills receivable	30000
	d.	Cash and cash equivalents	
		Cash and bank balance	50000
	e.	Short-term loans and advances: Prepaid expenses	20000
	f.	Other Current Assets	
		Total	**935000**

Additional Information:

1. Total sales (cash sales are 20% of credit sales) Rs. 1080000
2. Cost of goods sold Rs. 540000
3. Net profit (before interest and tax provision) Rs. 300000
4. Stock on 1.4.2017 Rs. 100000

From the above information, calculate the following ratios

1. Current ratio
2. Debtors ratio (360 days)
3. Return on capital employed
4. Net profit ratio
5. Capital gearing ratio
6. Debt equity ratio(on the basis of long term debt)
7. Liquid ratio
8. Operating ratio

(M.A.2008)

Q.6 Find out the following ratio from the balance sheet of Jigar Ltd. as on 31.3.2018 and additional details given to you:

1. Stock turnover ratio
2. Proprietary ratio
3. Current ratio
4. Liquid ratio
5. Rate on return on capital employed
6. Rate on return on equity capital
7. Net profit ratio
8. Creditors ratio

Balance Sheet of Jigar Ltd. As on 31.3.2018

		Particulars	**Rs.**
I		**EQUITY AND LIABILITIES**	
	1.	Shareholders' Funds:	
	a.	Share Capital	
		Equity Share capital (Rs. 10)	400000
		10% redeemable Pref. share capital	250000
	b.	Reserves and Surplus	
		Profit and Loss A/c	170000
		General Reserve	200000
	c.	Money received against share warrants	
	2.	Share Application Money pending allotment	
	3.	Non-Current Liabilities:	
	a.	Long-term borrowings: 8% Debentures	250000
	b.	Deferred Tax liability (Net)	
	c.	Other long term liabilities	
	d.	Long-term provisions	
	4.	Current liabilities:	
	a.	Short-term borrowings: Bank overdraft (state bank)	40000
	b.	Trade payables: Creditors	100000
		Bills payable	50000
	c.	Other current liabilities: Provident Fund Outstanding expenses	30000 10000
	d.	Short-term provisions:	
		Total	**1500000**
II		**ASSETS**	
	1	**Non-Current Assets:**	
	a.	Fixed Assets	
	1.	Tangible Assets	
		Land and Buildings	500000
		Machinery	130000
	2.	Intangible Assets:	
	b.	Non-Current Investments	
	c.	Long-term loans & Advances	
	d.	Other Non-Current Assets: Debenture discount	5000
	2.	**Current Assets:**	
	a.	Current investments: Temporary Investments	270000
	b.	Inventories	175000

	c.	Trade receivable: Debtors	200000
		Bills receivable	50000
	d.	Cash and cash equivalents	
		Cash	20000
		Bank	40000
	e.	Short-term loans and advances: Prepaid expenses Advance income tax	30000 80000
	f.	Other Current Assets	
		Total	**1500000**

Additional information:

1. Cash sale is 20% of total sales.
2. Stock on 1.4.17 is Rs. 125000.
3. Debtor ratio is 90 days.
4. Gross profit is 40% of sales.
5. Net profit (before interest and tax) is Rs.250000.
6. Rate of taxation us 50%.
7. Working days are 360 days.

(M.A.2007)

Q.7 From the financial statement of sandeep ltd. As on 31.3.2008 calculate the following accounting ratios:

Balance Sheet of Sandeep Ltd as on 31.3.2008

		Particulars	Rs.
I		**EQUITY AND LIABILITIES**	
	1.	Shareholders' Funds:	
	a.	Share Capital	
		Equity Share capital: 30000 equity share of Rs.100 each	3000000
		10% redeemable Pref. share of Rs.100 each fully paid up	2000000
	b.	Reserves and Surplus:	
		General reserve	1000000
		Profit and loss account	600000
	c.	Money received against share warrants	
	2.	Share Application Money pending allotment	
	3.	Non-Current Liabilities:	
	a.	Long-term borrowings: 10% Debentures	500000
	b.	Deferred Tax liability (Net)	
	c.	Other long term liabilities	
	d.	Long-term provisions	
	4.	Current liabilities:	
	a.	Short-term borrowings	
	b.	Trade payables: Creditors	420000
	c.	Other current liabilities: Bank overdraft Other liabilities	80000 100000
	d.	Short-term provisions:	
		Total	**7700000**
II		**ASSETS**	
	1	**Non-Current Assets:**	
	a.	Fixed Assets	6000000
	1.	Tangible Assets	

	2.	Intangible Assets:	
	b.	Non-Current Investments	
	c.	Long-term loans & Advances	
	d.	Other Non-Current Assets: Non-banking assets(unreal assets)	70000
	2.	**Current Assets:**	
	a.	Current investments:	
	b.	Inventories	500000
	c.	Trade receivable: Debtors	800000
		Bills receivable	50000
	d.	Cash and cash equivalents	
		Cash and bank balance	280000
	e.	Short-term loans and advances:	
	f.	Other Current Assets	
		Total	**7700000**

Additional information:
Sales Rs. 6000000, Purchase Rs. 3500000, Average Stock Rs. 320000, Administrative and Financial expenses Rs. 600000
Income tax rate is 50%. 360 days to be taken for the year.

1. Gross Profit Ratio
2. Return of equity share holder fund
3. Debtor Ratio
4. Stock turnover Ratio
5. Operating Ratio
6. Net Profit Ratio

(M.A.2009)

Q.8 From the following information calculate the following ratios:

1. Stock turnover ratio
2. Operating ratio
3. Net profit ratio

Closing stock is 50% of the opening stock.
Purchases are 8 times of the opening stock.
Sales are 15 times of the opening stock.
Adjusted purchase 60%
Purchase expense Rs. 20000
Operating expenses Rs. 60000
Taxation rate is 50%

(M.A.2010)

Q.9 From the following information calculate the following ratios:

1. Stock turnover ratio
2. Debtor's ratio
3. Creditor's ratio

Closing stock is 50% of the opening stock.
Purchases are 8 times of the opening stock.
Sales are 15 times of the opening stock.
Adjusted purchase 60%
Purchase expense Rs.60000
Creditors and bills payable Rs. 153600
Debtors Rs.300000

Proportion of credit sale and cash sales 2:1
Proportion of credit purchase and cash purchase is 4:1
360 days of the year to be considered.

(M.A.2010)

Q.10 Some balances of Gangesvar co. ltd. are as under:

	Rs.
Equity share capital (each Rs. 100)	700000
8% preference share capital	500000
10% Debentures	200000
Retained earning	210000
Fictitious Assets	35000
Fixed Assets	2000000
Debtors	250000
Bills receivables	50000
Prepaid expenses	20000
Cash and Bank	120000
Quickly salable securities	60000
Creditors	150000
Bills payable	50000
Bank overdraft	50000
Fright octroy	40000
10% Public Deposit	50000

Additional information:

i. Closing stock is 25% of the opening stock.
ii. Purchases are made five times of opening stock.
iii. The ratio of purchases and sales is 2:5
iv. Gross profit rate is 50%.
v. Credit sales are 60% of total sales.
vi. Divisible profit to equity share holder is Rs. 140000.
vii. Taxation rate is 40%

Calculate the following ratios:

1. Rate of return on capital employed
2. Debtors ratio (360 days is to be considered)
3. Operating ratio
4. Net profit ratio
5. Inventory turnover ratio
6. Proprietary ratio

(M.A.2011)

Q.11 Following info. is available from the financial records of mojiwala Ltd. Calculate, (1) Current ratio. (2) Debtors ratio. (360 days). (3) Return on share holders funds. (4) Return on capital employed. (5) Net profit ratio. (6) Stock turnover ratio.

Particulars	**Rs.**	**Particulars**	**Rs.**
Eq. share capital	400000	Clo. Stock	128000
Retained earnings	83200	Debtors	160000
15% deb.	320000	Cash bal.	64000

Creditors	140000	Ope. Stock	132000
B.O.D.	36000	Preliminary exp.	3200
Fixed assets	640000	Operating exp.	256000

(1) Credit sales are 62.5% of total sales.(2) Cost of good sold is 70%. (3) Operating ratio 90% & rate of tax 50%.

Q.12 The information of shivkrupa ltd. as on 31-12-18 was as follow.

	Rs.
Eq. sh. Cap. (Rs.10)	300000
Pref. sh.cap. (Rs.10)	200000
Gen. Res.	50000
15% deb.	100000
Public deposit	130000
Creditors	90000
O/S exp.	10000
B.O.D.	12500
Land & Buildings	337000
Machinery	200000
Debtors	70600
B/R	23000
Cash / bank	106400
Stock	25000
Preliminary exp.	130000

(1) Credit sales (which is 60% of total sales) Rs. 312000.
(2) Adjusted purchase Rs. 312000.
(3) Net profit (after interest & tax) Rs. 122500.
(4) Administrative exp. Rs. 60000.
(5) Financial exp. Rs. 40000.
(6) Selling & distribution exp. Rs. 4000.
(7) Stock on 31-12-17 Rs. 37400.
(8) Rate of tax is 50%
Calculate (1) Liquid ratio (2) G.P. ratio (3) operating ratio (4) debtors ratio (360 days) (5) stock turnover ratio (6) return on capital employed.