RATIO ANALYSIS

1) From the following information, calculate:

a) Gross Profit Ratio
b) Stock Turnover Ratio
c) Debtors Turnover Ratio

Information: Sales ⍰ 3,00,000 ; Cost of Goods Sold ⍰2,40,000 ; Closing Stock ⍰ 62,000 ; Gross Profit ⍰ 60,000

Opening Stock ⍰ 58,000 ; Debtors ⍰ 32,000.

2)The inventory turnover ratio is given as 4 times. The opening inventory is 1/3rd of the closing inventory.

The gross profit is 25% of the cost , where the revenue from operations is ⍰200000. Calculate Cost of Revenue

from operation, Opening Inventory and Closing Inventory.

(b) If in the above case for calculating Inventory turnover ratio, instead of cost of revenue from operation, Revenue

from operation is taken then which values are affected .

3)Share Capital □60000 , General Reserve □ 30000 , 12% Loan □37500 , Revenue from operations □75000

Tax paid during the year □15000 , Profit after interest and tax □30000.

From the above information , calculate the following ratios:

(a)Debt-Equity Ratio
(b)Interest Coverage Ratio
(c)Return on Investment.

4) Current liabilities are ⍰.1120000, Current ratio is 5:2 and Quick Ration is 2:1. Find out the amount of stock.

Debt equity ratio = 1:5
Total Assets = ⍰.200000
Total Debts = ⍰.150000
Calculate Current Liabilities

5) From the following information calculate Working Capital Turnover Ratio:

Capital Employed Rs 860000
Fixed Assets Rs 660000
Cost of goods sold Rs 500000
Rate of gross profit 20% on sales.

List two limitations of ratio analysis.

6) Information given:

Total Debts `5,00,000 ; Total Assets `7,00,000 ; Current Liabilities `1,60,000 ;Net Profit after Interest but before tax `63,200. Long term loans carry interest at 12%.

Calculate a) Debt- Equity Ratio b) Proprietary Ratio c) Return on Investment

7)The inventory turnover ratio is given as 4 times. The opening inventory is 1/3rd of the closing inventory.
The gross profit is 25% of the cost , where the revenue from operations is □200000. Calculate Cost of Revenue
from operation, Opening Inventory and Closing Inventory.
(b) If in the above case for calculating Inventory turnover ratio, instead of cost of revenue from operation, Revenue
from operation is taken then which values are affected .

8)Share Capital □60000 , General Reserve □ 30000 , 12% Loan □37500 , Revenue from operations □75000
Tax paid during the year □15000 , Profit after interest and tax □30000.
From the above information , calculate the following ratios:
(a)Debt-Equity Ratio
(b)Interest Coverage Ratio
(c)Return on Investment.

9)The quick ratio of a company is 1:1 . State giving reasons (any four) , which of the following would improve, reduce or not change the ratio?
(a) Purchase of Machinery for cash
(b) Purchase of goods on Credit
(c) Sale of furniture at cost
(d) Sale of goods at a profit
(e) Redemption of Debentures at a premium.