

## COMMERCE ACCOUNTANCY (055)

### Assignment-5

#### Chapter 4: Accounting Ratios (Current Ratio and Quick Ratio)

##### Solve the questions:

1. From the following, compute Current Ratio:

	Rs.
Trade Payables	1,80,000
Prepaid Expenses	40,000
Cash & Cash Equivalents	50,000
Marketable Securities	50,000
Land and Building	5,00,000
Bills Payables	20,000
Sundry Creditors	1,00,000
Debentures	4,00,000
Inventories	80,000
Expenses Payables	80,000

2. Calculate Current Ratio from the following:

	Rs.
Total Assets	5,00,000
Fixed Tangible Assets	2,50,000
Shareholders Fund	3,20,000
Non Current Liabilities	1,30,000
Non Current Investments	1,50,000

3. Current Ratio is 2.5, Working Capital is Rs. 1,50,000. Calculate the amount of Current Assets and Current Liabilities.
4. Working Capital is Rs. 9,00,000; Trade Payables Rs. 90,000; and Other Current Liabilities are Rs. 2,10,000. Calculate Current Ratio.
5. Working Capital Rs. 1,80,000; Total Debts Rs. 3,90,000; Long term Debts Rs. 3,00,000. Calculate Current Ratio.
6. Trade Payables Rs. 50,000, Working Capital Rs. 9,00,000, Current Liabilities Rs. 3,00,000. Calculate Current Ratio.
7. Ratio of Current Assets (Rs. 3,00,000) to Current Liabilities ( Rs. 2,00,000) is 1.5:1. The accountant of the firm is interested in maintaining a Current Ratio of 2:1 by paying off a part of Current Liabilities. Compute amount of the Current Liabilities that should be paid so that the Current Ratio at the level of 2:1 may be maintained.

8. From the following calculate Liquid Ratio:

	Rs.
Current Assets	2,00,000
Inventories	50,000
Prepaid Expenses	10,000
Trade Receivables	1,10,000
Current Liabilities	70,000

9. Quick Assets Rs. 1,50,000; Inventory Rs. 40,000; Prepaid Expenses Rs. 10,000; Working Capital Rs. 1,20,000. Calculate Current Ratio.

10. Current Assets Rs. 3,00,000; Inventories Rs. 60,000; Working Capital Rs. 2,52,000. Calculate Quick Ratio.

11. Current Liabilities of a company are Rs. 6,00,000. Its Current Ratio is 3:1 and Liquid Ratio is 1:1. Calculate value of Inventory.

12. Following is the Balance Sheet of Chemical Works Ltd. as at 31<sup>st</sup> March, 2019.

Particulars	Note No.	Rs.
<b>I. EQUITY AND LIABILITIES</b>		
<b>1. Shareholders' Funds</b>		
a. Share Capital		70,000
b. Reserves and Surplus		35,000
<b>2. Non Current Liabilities</b>		
Long Term Borrowings		25,000
<b>3. Current Liabilities</b>		
a. Short term Borrowings		3,000
b. Trade Payables (Creditors)		13,000
c. Short term Provisions: Provision for tax		4,000
<b>Total</b>		1,50,000
<b>II. ASSETS</b>		
<b>1. Non Current Assets</b>		
a. Fixed Assets (Tangible)		45,000
b. Non Current Investments		5,000
<b>2. Current Assets</b>		
a. Inventories (Stock)		50,000
b. Trade Receivables (Creditors)		30,000
c. Cash and Cash Equivalents		20,000
<b>Total</b>		1,50,000

Compute Current Ratio and Liquid Ratio.

13. Capital Employed Rs. 10,00,000; Fixed Assets Rs. 7,00,000; Current Liabilities Rs. 1,00,000. There are no Long-term Investments. Calculate Current Ratio.

**Assignments should be neatly done in any copy or loose sheets.**

Kindly study (Volume III) **Chapter 4: Accounting Ratios (Solvency Ratios)**

You can refer to these links if you need additional help

<https://www.youtube.com/watch?v=qo6WjXfE41A>

[https://www.youtube.com/watch?v=U6eX\\_G4QTxl](https://www.youtube.com/watch?v=U6eX_G4QTxl)

<https://www.youtube.com/watch?v=5ywtiflHnUQ>