

COMMERCE ACCOUNTANCY (055)

Assignment-8

Chapter 4: Accounting Ratios (Profitability Ratios)

Gross Profit Ratio

1. From the following calculate Gross Profit Ratio:
Gross Profit Rs. 50,000; Revenue from Operations RS. 5,00,000; Sales Return Rs. 50,000
2. From the following calculate Gross Profit Ratio:
Cash Sales are 20% of Total Sales; Credit Sales are Rs. 5,00,000; Purchases are Rs.4,00,000; Excess of Closing Inventory Rs. 25,000.
3. Calculate Gross Profit Ratio from the following data:
Average Inventory Rs, 3,20,000; Inventory Turnover Ratio 8 Times; Average Trade Receivables RS. 4,00,000; Trade Receivables Turnover Ratio 6 Times ; Cash Sales 25% of Net Sales.
4. Opening Inventory Rs. 1,00,000; Closing Inventory Rs. 60,000; Inventory Turnover Ratio 8 Times; Selling Price 25% above cost. Calculate Gross Profit Ratio.
5. Average Inventory Rs. 1,60,000; Inventory Turnover Ratio 6 Times; Selling Price 25% above cost. Calculate Gross Profit Ratio.

Operating Ratio

1. Cost of Revenue from Operations Rs. 3,00,000. Operating Expenses Rs. 1,20,000. Revenue from Operations: Cash Sales Rs. 5,20,000; Return Rs. 20,000. Calculate Operating Ratio.
2. Operating Ratio 92%; Operating Expenses Rs. 94,000; Revenue from Operations RS. 6,00,000; Sales Return RS. 40,000. Calculate Cost of Revenue from Operations.
3. From the following information calculate Operating Ratio:
Cost of Goods Sold Rs. 52,000
Operating Expenses Rs. 18,000
Gross Sales Rs. 88,000
Sales Return Rs. 8,000
4. Calculate Cost of Revenue from Operations from the following information:
Revenue from Operations Rs. 12,00,000; Operating Ratio 75%; Operating Expenses Rs. 1,00,000.
5. Calculate Operating ratio from the following information:
Operating Cost Rs. 6,80,000
Gross Profit 25%
Operating Expenses Rs. 80,000

Operating Profit Ratio

1. Calculate Operating Profit Ratio from the following information:
Revenue from Operations Rs. 5,00,000
Cost of Revenue from Operations RS. 2,00,000
Wages Rs. 1,00,000
Office and Administrative Expenses Rs. 50,000
Interest on Borrowings Rs. 5,000
2. What will be the Operating Profit Ratio if Operating Ratio is 82.59%?
3. Revenue from Operations Rs. 9,00,000; Gross Profit 25% on Cost; Operating Expenses Rs. 45,000. Calculate Operating Profit Ratio.
4. Operating cost Rs. 3,40,000; Gross Profit Ratio 20%; Operating Expenses Rs. 20,000. Calculate Operating Profit Ratio.

Net profit Ratio

1. Cash Sales Rs. 2,20,000; Credit Sales Rs. 3,00,000; Sales Return RS. 20,000; Gross Profit Rs. 1,00,000; Operating Expenses Rs. 25,000; Non-Operating Incomes RS. 30,000; Non-operating Expenses Rs. 5,000. Calculate Net Profit ratio.
2. Revenue from Operations, i.e., Net Sales Rs. 6,00,000; Net Profit 60,000. Calculate Net Profit Ratio.
3. Revenue from Operations Rs. 4,00,000; Gross Profit Ratio 25%; Operating Ratio 90%. Non-operating Income RS. 22,000. Calculate Net Profit ratio.

Return on Capital Employed

1. Net Profit before Interest and Tax Rs. 2,50,000; Capital Employed Rs. 10,00,000. Calculate Return on Investment.
2. Net profit before Interest and Tax Rs. 6,00,000; Capital Employed Rs. 10,000,000. Calculate Return on Investment.
3. Net Profit before Interest and Tax Rs. 4,00,000; 15% Long-term Debt Rs. 8,00,000; Shareholders' Fund Rs. 4,00,000. Calculate Return on Investment.
4. Y's Ltd. profit after interest and tax was Rs. 1,00,000. Its current assets were Rs. 4,00,000; Current Liabilities Rs. 2,00,000; Fixed Assets Rs. 6,00,000 and 10% Long-term Debt RS. 4,00,000. The rate of tax was 20%. Calculate Return on Investment of Y's Ltd.

Assignments should be neatly done in copy or loose sheets.

Kindly study (Volume I) **Chapter 2: Accounting for Partnership Firms- Fundamentals**

You can refer to this link if you need additional help

<https://www.youtube.com/watch?v=KGVeUPfZ6wI&feature=youtu.be>