

COMMERCE ACCOUNTANCY (055)

Assignment-7

Chapter 4: Accounting Ratios (Activity Ratios/Turnover Ratios)

Inventory Turnover Ratio

1. From the following details, calculate Inventory Turnover Ratio:

	Rs.
Cost Revenue from Operations (Cost of Goods Sold)	4,50,000
Inventory in the beginning of the year	1,25,000
Inventory at the close of the year	1,75,000

2. Calculate Inventory Turnover Ratio from the following:

	Rs.
Opening Inventory	29,000
Closing Inventory	31,000
Revenue from Operations, i.e., Sales	3,20,000
Gross Profit Ratio 25%	

3. Rs. 2,00,000 is the cost of Revenue from Operations (Cost of Goods Sold), during the year. If Inventory Turnover Ratio is 8 times, calculate an inventory at the end of the year .Inventories at the end is 1.5 times that of in the beginning.
4. From the following information determine the opening and closing inventory:
Inventory Turnover Ratio 5 Times, Total Sales Rs. 2,00,000 Gross Profit Ratio 25%.
Closing Inventory is more by Rs. 4,000 than the Opening Inventory.
5. From the following information Calculate Inventory Turnover Ratio:
Credit Revenue from Operations Rs. 3,00,000; Cash Revenue from Operations Rs.1,00,000, Gross Profit 25% of Cost, Closing Inventory was 3 times the Opening Inventory. Opening Inventory was 10% of Cost of Revenue from Operations.

Trade Receivables Turnover Ratio

1. Credit Revenue from Operation, i.e., Net Credit Sales for the year Rs.1,20,000
Debtors 12,000
Bills Receivables 8,000
Calculate Trade Receivables Turnover Ratio.

2. Calculate Trade Receivables Turnover Ratio from the following information:

	31 March, 2018 (Rs.)	31 March, 2019 (Rs.)
Sundry Debtors	28,000	25,000
Bills Receivable	7,000	15,000
Provision for Doubtful Debts	2,800	2,500
Total Sales Rs. 1,00,000 , Sales Returns Rs. 1,500, Cash Sales Rs. 23,500		

3. Closing Trade Receivables Rs. 1,20,000, Revenue from Operations Rs. 14,40,000. Provision for Doubtful Debts Rs. 20,000. Calculate Trade Receivables Turnover Ratio.
4. Closing Trade Receivables Rs. 4,00,000; Cash Sales being 25% of Credit Sales; Excess of Closing Trade Receivables over Opening Trade Receivables Rs. 2,00,000; Revenue from Operations, i.e., Net Sales Rs. 15,00,000. Calculate Trade Receivables Turnover ratio.
5. A limited company made credit sales of Rs. 4,00,000 during the financial period. If the collection period is 36 days and year is assumed to be 360 days, calculate:
- Trade Receivables Turnover Ratio;
 - Average Trade Receivables;
 - Trade Receivables at the end when Trade Receivables at the end are more than that in the beginning by Rs. 6000.

Trade Payables Turnover Ratio

1. Calculate Trade Payables Turnover Ratio from the following information:
Opening Creditors Rs. 1,25,000; Opening Bills Payables Rs. 10,000; Closing Creditors Rs. 90,000; Closing Bills Payables Rs. 5,000; Purchases Rs. 9,50,000; Cash Purchases Rs. 1,00,000; Purchases Return Rs. 45,000.
2. Calculate Trade Payables Turnover Ratio for the 2018-19 in each of the alternative cases:
- Case 1: Closing Trade Payables Rs. 45,000; Net Purchases Rs. 3,60,000; Purchases Return Rs. 60,000; Cash Purchases Rs. 90,000.
- Case 2: Opening Trade Payables Rs. 15,000; Closing Trade Payables Rs. 45,000; Net Purchases Rs. 3,60,000.
- Case 3: Closing Trade Payables Rs. 45,000; Net purchases Rs. 3,60,000.
- Case 4: Closing Trade Payables (including Rs. 25,000 due to a supplier of machinery) Rs. 55,000; Net Credit Purchases Rs. 3,60,000.

Working Capital Turnover Ratio

1. Revenue from Operations: Cash sales Rs. 5,00,000; Credit Sales Rs. 6,00,000; Sales Return Rs. 1,00,000. Current Assets Rs. 3,00,000; Current Liabilities Rs. 1,00,000. Calculate Working Capital Turnover Ratio.

2. Gross Profit at 25% on cost; Gross profit Rs. 5,00,000; Equity Share Capital Rs. 10,00,000; Reserves and Surplus Rs. 2,00,000; Long term loan Rs. 3,00,000; Fixed Assets (Net) Rs. 10,00,000. Calculate Working Capital Turnover Ratio.

3. Calculate Working capital Turnover Ratio from the following information:
Revenue from Operation Rs. 30,00,000; Current assets Rs.12,50,000; Total Assets Rs. 20,00,000; Non- Current Liabilities Rs. 10,00,000; Shareholders Fund Rs. 5,00,000.
4. Capital employed Rs. 12,00,000; Net Fixed Assets Rs. 8,00,000; Cost of Goods Sold or Cost of Revenue from Operations Rs. 40,00,000; Gross Profit is 20% on cost. Calculate Working Capital Turnover Ratio.
5. Calculate Working capital Turnover Ratio from the following information:

	Rs.
Cost of Revenue from Operations	10,00,000
Current Assets	5,00,000
Current Liabilities	3,00,000

Assignments should be neatly done in copy or loose sheets.

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

You can refer to these links if you need additional help

<https://www.youtube.com/watch?v=DgnM-Sw3F0Q>

<https://www.youtube.com/watch?v=NcFekaoE8Jw>