

BHARATIYA VIDYA BHAVAN'S V M PUBLIC SCHOOL, VADODARA
QUESTION BANK

Illustration-1

From the following compute (a) Current Ratio (b) Quick Ratio

Items	Amount in `	Items	Amount in `
Current Investments	40,000	Short-Term Provisions	3,000
Inventories	5,000	Other Current Liabilities	5,000
Trade Receivables	2,000	Short-term Loans & Advances	4,000
Short-term Borrowings	20,000	Tangible Fixed Assets	1,00,000
Trade Payables	2,500	Cash & Cash Equivalents	10,000
Prepaid expenses	2,000	Advance tax	8,000

Illustration-2

From the following compute Current Ratio

Items	Amount in `	Items	Amount in `
Total Assets	1,00,000	Non-Current Liabilities	20,000
Shareholders Funds	60,000	Non-Current Assets	50,000

Illustration-3

The current Ratio of a company is 2:1. State giving reasons which of the following would improve, reduce or not change the ratio

1. Cash paid to trade payables
2. Sale of fixed tangible assets for cash
3. Issue of new shares for cash
4. Payment of final dividend already declared.

Solution:

Illustration-4

The Current Ratio of A Ltd. is 4.5:1 and Liquid Ratio is 3:1. Inventories are `3,00,000. Calculate Current Liabilities.

Illustration-5

From the following compute: a)

Debt to Equity Ratio

b) Total Assets to Debt Ratio

c) Proprietary Ratio

Items	Amount in `	Items	Amount in `
Long-Term Borrowings	1,00,000	Non-Current Assets	1,80,000
Long-Term Provisions	50,000	Current Assets	45,000
Current Liabilities	25,000		

Solution:

Illustration-6

Akshara Ltd. has 8% Debentures of ` 5,00,000. Its profit before interest & tax is ` 2,00,000. Calculate Interest Coverage Ratio.

Illustration-7

Assuming that the Debt-Equity Ratio is 2:1, state, giving reasons, which of the following transactions would (i) Increase; (ii) Decrease; (iii) Not alter the Debt-Equity Ratio : i) Issue of new shares for cash ii) Conversion of debentures into equity shares. iii) Sale of a fixed asset at profit. iv) Purchase of a fixed asset on long-term deferred payment basis. v) Payment to creditors Solution:

Statement showing the effect of various transactions on Debt-Equity Ratio.

Illustration-8

Calculate Working Capital Turnover Ratio from the following

Items	Amount in `	Items	Amount in `
Current Asset	9,00,000		
Revenue from Operations	24,00,000		
Current Liabilities	1,00,000		

Illustration-9

Calculate Working Capital Turnover Ratio from the following

Items	Amount in `	Items	Amount in `
Revenue from Operations	12,00,000	Non Current Liabilities	4,00,000
Current Assets	5,00,000	Shareholders' Funds	2,00,000
Total Assets	8,00,000		

Illustration-10

Cost of Revenue from Operations = ` 3,00,000

Inventory Turnover Ratio = 6 Times

Find out the value of Opening Inventory, if opening inventory is ` 10,000 less than the closing inventory.

Illustration-11

Calculate Gross Profit Ratio from the following:

Items	Amount in `	Items	Amount in `
Opening Inventories	50,000	Wages	10,000
Purchases	1,50,000	Revenue from Operations	2,50,000
Returns outwards	20,000	Closing Inventories	40,000

Illustration-12

From the following Calculate Operating Ratio

Items	Amount in `	Items	Amount in `
Cost of Revenue from Operations	50,000		
Revenue from Operation	1,50,000		
Other Operating Expenses	20,000		

Illustration-13

From the following calculate

- (a) Net Profit Ratio
- (b) Operating Profit Ratio

Items	Amount in `	Items	Amount in `
Revenue from Operations	2,00,000	Interest on Debentures	5,000
Gross Profit	75,000	Accidental losses	12,000
Office Expenses	15,000	Income from Rent	2,500
Selling Expenses	26,000	Commission received	2,000

Illustration-14

From the following calculate Return on Investment (or Return on Capital Employed)

Items	Amount in `	Items	Amount in `
Share Capital	50,000	Current Assets	1,10,000
Reserves & Surplus	25,000	12% Long term borrowings	2,00,000
Net Fixed Assets	2,25,000	Current Liabilities	85,000
Non Current Trade Investments	25,000		

Net Profit before tax ` 60,000