

Management Accounts.  
B. Com Part III

Chapter Ratio Analysis.

Numerical Exercise. (29) S.R.S.

(31)

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From the following information  
determine the opening stock and closing  
stock.

Stock Turn over Ratio 5 times Total  
Sales Rs 2,00,000, Gross Profit Ratio  
25%, Closing stock is more by Rs 4000  
than the opening stock.

Ans. Gross Profit Ratio 25%  
Therefore, Gross Profit =  $\frac{2,00,000 \times 25}{100} = 50,000$   
Cost of goods sold = Sales - Gross Profit  
= 2,00,000 - 50,000 = 1,50,000  
Stock Turn over Ratio =  $\frac{\text{Cost of goods sold}}{\text{Average Stock}}$   
 $\frac{1,50,000}{5} = 30,000$  Average Stock = 75

or Average Stock = cost of goods sold = 150 000

Now opening stock + closing stock = 30 000 x 2 = 60 000

Closing stock - opening stock = 4 000

$$60 000 - 4 000 = 56 000$$

$$\frac{56 000}{2} = 28 000 \text{ opening stock}$$

$$\text{Closing stock} = 28 000 + 4 000 = 32 000$$

2)

From the following details, calculate Debtors Turnover Ratio:

Total sales for the year = 175 000

Cash sales - 20% of Total sales

Sales Return out of credit sales = 10 000

Sundry Debtors:

opening debtor - 8 000

closing debtor - 12 000

Ans. Debtor Turn over Ratio =

$$\frac{\text{Net Credit Sales (Revenue from operations)}}{\text{Average Debtors.}}$$

Net Credit Sales = Total Sales - Cash Sales - sales Return.

$$= 175000 - 35000 - 10000$$

$$= 1,30,000$$

Average Debtor =  $\frac{\text{opening Debtors} + \text{closing Debtors}}{2}$

$$= \frac{8000 + 12000}{2} = \frac{20000}{2}$$

$$= 10000$$

Hence, Debtor Turn over Ratio =

$$\frac{130000}{10000} = 13 \text{ Times}$$

Ans.