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# Management Accounts

B.com Part III

Chapter - Ratio Analysis Numerical  
Exercise - (31) S.K. Singh

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## Question

Calculate the creditor or trade payable turnover Ratio and Average debt period for the year 2015-16 from the following information:

Particulars	1.4.2015	31.3.16
Sundry creditor -	150000	450000
Bills payable -	50000	150000
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Total purchase -	2100000	
purchase Return -	100000	
cash purchase -	400000	

Ans.

Net credit purchase = Total purchase  
Purchase returns - cash purchase.

$$= 21,00,000 - 1,00,000 - 4,00,000$$
$$= 16,00,000$$

Average trade payable =  $\frac{\text{Opening credit} + \text{opening Bills payable} + \text{Closing credit} + \text{Closing B/P}}{2}$

$$= \frac{1,50,000 + 50,000 + 4,50,000 + 1,50,000}{2}$$

$$= 4,00,000$$

Creditors Turn over Ratio =  $\frac{\text{Net credit purchase}}{\text{Average trade payable}}$

$$= \frac{16,00,000}{4,00,000} = 4 \text{ Times}$$

Average debt payment period =  $\frac{12 \text{ months}}{4 \text{ times}} = 3 \text{ months}$

12 months / 4 times = 3 months - creditor Turn over Ratio  
Ans.