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Management Accounts.
B. Com Part III

Chapter - Ratio Analysis, Numerical
Exercise - (59) S.K. Singh.

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Question

From the following, calculate (i) Gross Profit Ratio and (ii) Working Capital Ratio:

Revenue from operations 30,00,000
Cost of Revenue from operation - 20,00,000
Current Assets - 6,00,000
Current liabilities - 2,00,000
Paid up Share Capital - 5,00,000

Ans. (i) Gross Profit Ratio = $\frac{\text{Gross Profit}}{\text{Revenue from operations}} \times 100$
Gross Profit = Revenue from operations - Cost of Revenue from operation
= 30,00,000 - 20,00,000 = 10,00,000
Gross Profit $\frac{10,00,000 \times 100}{30,00,000} = 33.33\%$

(11) Working Capital Turnover Ratio =
$$\frac{\text{Revenue from operations}}{\text{Working Capital}}$$

Working Capital = Current Assets - Current Liabilities

= 6,00,000 - 2,00,000 = 4,00,000

Working Capital Turnover Ratio =

$$\frac{30,00,000}{4,00,000} = 7.5 \text{ Times}$$

Ans.