

Management Accounts
B. Com Part III

Numerical Exercise - 23 S.K. Singh

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Question.

Calculate the stock turnover ratio from the following:
Opening Stock Rs. 29,000, Closing Stock Rs. 31,000, Sales Rs. 3,20,000, Gross Profit Ratio 25%

Ans.

Gross Profit: 25%

$$\text{Gross Profit} = \frac{3,20,000 \times 25}{100} = 80,000$$

$$3,20,000 - 80,000 = 2,40,000$$

Average Stock = $\frac{\text{opening stock} + \text{closing stock}}{2}$

$$\frac{29,000 + 31,000}{2} = 30,000$$

Stock Turn over Ratio = $\frac{2,40,000}{30,000} = 8$ Times Average Stock

Question.

What do you mean by Activity Ratio?

Ans. Activity Ratio measures how well the resources have been used by the enterprise. The result is expressed in numbers or of times. These ratios are calculated on the basis of cost of goods sold or cost of revenue from operation.