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Management Accountancy
B. Com Part III

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Question (A)

From the following information, calculate Current Ratio

Particulars	Amount	Particulars	Amount
Stock - Debtors -	12000	Trade creditors	4,000
Cash and Bank Balance	8000	Bills payable	3,000
Fixed Assets	2500	Provisions	3000
	10000	Long term debts	8000

Ans.

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\text{Current Assets} = \text{Stock} + \text{Debtors} + \text{Cash \& Bank}$$

$$12000 + 8000 + 2500$$

$$= 22500$$

$$\text{Current Liabilities} = \text{Trade credits} + \text{B/P} + \text{Provision}$$

$$4000 + 3000 + 3000$$

$$= 10000$$

$$\text{Current Ratio} = \frac{22500}{10000} = 2.25 : 1$$

Ans.

Q) Sonu Limited has a current ratio of 3:1. If its stock is 40000 and its total current liabilities are 75000. Find out its quick ratio.

Ans.

Current Assets = Current Liabilities \times 3

$$75000 \times 3 = 225000$$

Quick Assets = Current Assets - Stock.

$$= 225000 - 40000 = 185000$$

Quick Assets = 185000

Quick Ratio = $\frac{\text{Quick Assets}}{\text{Current Liabilities}}$

$$= \frac{185000}{75000} = \frac{185}{75} = 2.47:1$$

Ans.