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Class:-B.Com Part 3
Subject:-Management



Problem 42

Following is the Profit & Loss Statement and Balance Sheet of Awkash Ltd. :

Statement of Profit and Loss of Awkash Ltd.

(for the year ended.....)

Particulars	Note No.	Amount	Amount
Sales (Revenue from Operations)		₹ 4,00,000	₹
Add : Other Income :			
Total Revenue			4,00,000
Less : Expenses :			
Cost of Goods Sold :			
Opening Stock		₹ 50,000	
Add : Purchases		3,00,000	
		3,50,000	
Less : Closing Stock		50,000	
Other Expenses		3,00,000	
		20,000	- 3,20,000
Net Profit during the year			<u>80,000</u>

Balance Sheet

(as at.....)

Particulars	Note No.	Amount	Amount
I. EQUITY & LIABILITIES		₹	₹
1. Shareholders' Funds :			
Equity Share Capital			2,00,000
Reserve			50,000
Statement of Profit & Loss			80,000
2. Current Liabilities :			
Trade Payables (Creditors)			20,000
Total (1 + 2)			<u>3,50,000</u>
II. ASSETS			
1. Non-current Assets :			
Plant/Machinery } (Tangible)			1,00,000
Land/Building }			50,000
2. Current Assets :			
Inventory (Stock)			50,000
Trade Receivables (Debtors)			90,000
Cash and Cash Equivalents :			
Cash at Bank			60,000
Total (1 + 2)			<u>3,50,000</u>

Calculate the following Ratios :

1. Stock T.O. Ratio
2. Debtors T.O. Ratio
3. Creditors T.O. Ratio
4. W.C. T.O. Ratio
5. F.A. T.O. Ratio
6. Proprietor's Fund T.O. Ratio

Solution

(1) Stock Turnover Ratio = $\frac{\text{Cost of Sales}}{\text{Average Stock}}$

$$= \frac{3,00,000}{\frac{1}{2} (50,000 + 50,000)}$$

$$= \frac{3,00,000}{50,000} = 6 \text{ times}$$

(2) Debtors Turnover Ratio = $\frac{\text{Net Credit Sales}}{\text{Closing Debtors}}$

$$= \frac{4,00,000}{90,000} = 4.4 \text{ times}$$

(3) Creditors Turnover Ratio = $\frac{\text{Credit Purchases}}{\text{Closing Creditors}}$

$$= \frac{3,00,000}{20,000} = 15 \text{ times}$$

(4) Working Capital Turnover Ratio = $\frac{\text{Cost of Sales}}{\text{Working Capital}}$

$$= \frac{3,00,000}{1,80,000} = 1.67 \text{ times}$$

Where, Working Capital = C.A. - C.L.

$$= ₹ 2,00,000 - 20,000 = ₹ 1,80,000$$

(5) Fixed Assets Turnover Ratio = $\frac{\text{Cost of Sales}}{\text{Fixed Assets}}$

$$= \frac{3,00,000}{1,50,000} = 2 \text{ times}$$

(6) Proprietors' Fund Turnover Ratio = $\frac{\text{Cost of Sales}}{\text{Proprietors' Fund}}$

$$= \frac{3,00,000}{3,30,000} = 0.91 \text{ time}$$

Where, Proprietors' Fund = Capital + R.F. + P/L = ₹ 3,30,000

FINANCIAL POSITION RATIO

S. Deb
Stock
Prepa
S.T. In

Now,

Problem

From
Equit
Prefe
Gene
State
Debe
Trad
Outs

Solution

Whe

Now