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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		3,00,000	
Other Expenses			20,000	- 3,20,000
	Net Profit during the year			80,000

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)			3,50,000
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)			3,50,000

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
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Gene
State
Debe
Trad
Outs

Solution

Whe

Now