

HW - Chapter 3 - Ratios - Q3

- (i) Fixed Assets \div Total Current Assets = $5 \div 7$
Hence, Current Assets = $4000000 \times 7/5 = 56,00,000$
- (ii) Fixed Assets \div Capital = $5 \div 4$
Hence, Capital = $40,00,000 \times 4 \div 5 = \text{Rs. } 32,00,000$
- (iii) Capital \div Liabilities = $1 \div 2$
Hence, Liabilities = $32,00,000 \times 2 \div 1 = \text{Rs. } 64,00,000$
- (iv) Net Profit \div Capital = $1 \div 5$
Hence, Net Profit = $3200000 \div 5 = \text{Rs. } 6,40,000$
- (v) Net Profit \div Sales = $1 \div 5$
Hence, Sales = $640000 \times 5 = \text{Rs. } 32,00,000$
- (vi) Gross Profit = 25% of 32,00,000 = 8,00,000
Hence, COGS = 75% of 32,00,000 = 24,00,000
- (vii) Inventory turnover = Cost of goods sold \div Average inventory
 $10 = 24,00,000 \div \text{Average inventory}$
Hence, Average inventory = Rs. 2,40,000
- (viii) Average inventory = (Opening Stock + Closing Stock) \div 2
 $240000 = (\text{Opening Stock} + 400000) \div 2$
Opening Stock = 80,000

Trading Account

Particulars	(Rs.)	Particulars	(Rs.)
To Opening Stock	80,000	By Sales	32,00,000
To Mfg exp./ Purchase (B/f)	27,20,000		
To Gross Profit b/d	8,00,000	By Closing Stock	4,00,000
	36,00,000		36,00,000

Profit and Loss Account

Particulars	(Rs.)	Particulars	(Rs.)
To Operating Expenses (Balancing figure)	1,60,000	By Gross Profit c/d	8,00,000
To Net Profit	6,40,000		
	8,00,000		8,00,000

Balance Sheet

Capital and Liabilities	(Rs.)	Assets	(Rs.)
Capital	32,00,000	Fixed Assets	40,00,000
Liabilities	64,00,000	Current Assets:	
		Closing Stock	4,00,000
		Other Current Assets (Bal. figure)	52,00,000
	96,00,000		96,00,000