



## ACCOUNTANCY

### Part B Ch.3

Class: XII

### Ratio Analysis

1. From the following compute (a) current ratio (b) Quick ratio

Sl.No	Item	Amt	Sl No	Item	Amt
1	Current investment	40,000	6	Short term provisions	3,000
2	Inventories	5,000	7	Other current liabilities	5,000
3	Trade receivables	2,000	8	Short term loans and advances	4,000
4	Short term borrowings	20,000	9	Tangible fixed assets	1,00,000
5	Trade payables	2,500	10	Cash and cash equivalents	10,000

2. From the following compute current ratio

No	Item	Amt	No	Item	Amt
1	Total assets	1,00,000	3	Non-current liabilities	20,000
2	Shareholder's fund	60,000	4	Non-current assets	50,000

3. The current ratio of a company is 2:1. State giving reasons which of the following would improve, reduce, or not change the ratio:

- a) Repayment of a current liability
- b) Purchasing goods on credit
- c) Sale of office equipment for ₹4,000 (book value ₹5,000)
- d) Sale of goods ₹11,000 (cost ₹10,000)
- e) Payment of dividend

4. Calculate current ratio of a company from the following information



Inventory turn over ratio: 4times. Inventory in the end was ₹20,000 more than inventory in the beginning. Revenue from operations ₹ 3,00,000 Gross profit Ratio 25% ' Current Liabilities ₹40,000 Quick Ratio 0.75:1

5 (a) The ratio of Current Assets ₹3,00,000 to Current Liabilities ₹2,00,000 is 1.5:1. The accountant of the firm is interested in maintaining a Current Ratio of 2:1, by paying off a part of the current liabilities. Compute the amount of current liabilities that should be paid, so that the Current Ratio at the level of 2:1 may be maintained.

(b) Total Debts of Rimzim Ltd. are ₹3,90,000, Long-term Debts are ₹3,90,000, long term debts are ₹3,00,000 and working capital is ₹1,80,000. Calculate current ratio.

6 A business has a current ratio of 3:1 and quick ratio of 1.2:1. If the working capital is ₹1,80,000, Calculate the total current assets and value of Inventory.

7 Assuming that the debt equity ratio is 2. State giving reasons whether this ratio would increase, decrease or remain unchanged in the following cases:

- i. Purchase of fixed assets on a credit of two months
- ii. Purchase of fixed assets on a long term deferred payment basis
- iii. Issue of new shares for cash
- iv. Sale of fixed assets at a loss of ₹3,000.
- v. Issue of bonus shares

8 From the following information, compute debt equity ratio.

Particulars	₹
Long term borrowings	2,00,000
Long term provisions	1,00,000
Current liabilities	50,000
Non-Current assets	3,60,000
Current Assets	90,000

