

DAY – 25 (TRADE PAYABLE TURNOVER RATIO)

1. Calculate trade payable turnover ratio:

Opening creditor – 125,000 ; opening Bills payable -10,000 ; Closing creditor -90,000 ;

Closing Bills payable -5000

Purchase – 950,000 ; Cash purchase – 100,000 ; Purchase return - 45000

(Ans- 7 times)

HINT: Net credit Purchase = Total Purchase – purchase return – cash purchase

or

Net purchase = Credit purchase + Cash purchase

2. Calculate trade payable turnover ratio:

	2018	2019
Sundry creditors	150,000	450,000
Bills payable	50,000	150,000

Total Purchase Rs.21,00,000 ; Purchase return Rs.100,000 ; Cash Purchase Rs. 400,000

( Ans: 4 times)

HINT:

Net credit Purchase = Total Purchase – purchase return – cash purchase

or

Net purchase = Credit purchase + Cash purchase

**PRACTICE SUMS**

LIQUIDITY RATIO

3. CA – 300,000; Inventories – 60,000 and working capital (WC)-252,000

Calculate Quick (Liquid) ratio

(Ans- 5:1)

[HINT: WC = CA-CL

LA = CA – Inventory

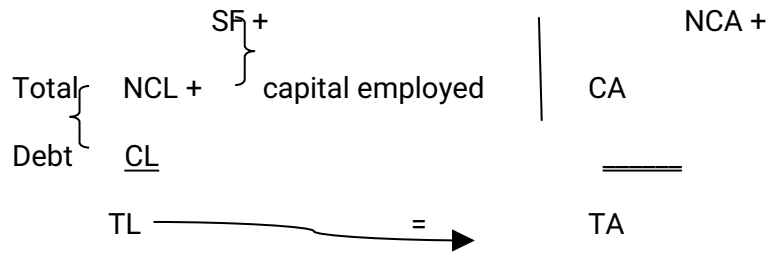
SOLVENCY RATIO

4. Calculate Total asset to debt ratio :

Total debts – 12,00,000 capital employed – 200,000 ; Current liabilities -400,000

( Ans: 1.6:1)

HINT:



### INVENTORY TURNOVER RATIO

5. Rs. 200,000 is the Cost of Revenue from Operation ( COGS). If Inventory turnover ratio is 8 times. Inventories at the end are 1.5 times that of in the beginning.

Calculate Inventory at the end?

[Ans:30,000]

HINT: CI = 1.5 X OI