

ART & COMMERCE

COLLEGE VADUJ

NAME - RAJAL APP

ASO BUDHI

GUIDE - CORAMALE

3-3

B.COM. PART-III

ROLL NO - 912

SUB - ACCOUNT-I

2019-20

Q. Calculate following ratio current ratio, gross profit ratio, net profit ratio, quick ratio, return on investment ratio, selling & distribution exp.

### Trading A/c

Particular	₹	Particular	₹
opening stock	50000	by sales	200000
purchase	1150000	closing stock	100000
wages	80000		
Carraige inward	20000		
gross profit	800000		
	2100000		2100000

### Profit & loss A/c

Particular	₹	Particular	₹
office exp	10000	by gross profit	800000
selling & distribution	80000	Interest on dividant	30000
financial exp	10000	profit on sale of	30000
bad debts	60000	investment	
interest on bills payable	124000		
loss by fire	600000		
provision for tax	240000		
net profit	240000		
	806000		806000

## Balance sheet

Liabilities	₹	Asset
equity share Capital	100000	fixed asset
pref. share Capital	100000	Investment
Reserve	80000	current asset
Profit & loss A/c	240000	preliminary exp
10% debenture	800000	
current liabilities	100000	
provision for tax	240000	
	<b>1640000</b>	

Ans

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① current ratio :

$$\frac{\text{current asset}}{\text{current liabilities}}$$

$$\frac{440000}{100000}$$

current ratio = 4.4

② Gross profit ratio :

$$\frac{\text{gross profit}}{\text{Sales}} \times 100$$

$$\frac{806000}{2000000} \times 100$$

gross profit ratio 40%

(3) Net Profit Ratio:

$$\frac{\text{Net Profit}}{\text{Sales}} \times 100$$

$$\frac{240000}{2000000} \times 100$$

net profit ratio 12%

(4) Quick Ratio:

current assets - stock & prepaid exp  
current liabilities - bank overdraft

$$\frac{440000 - \text{Nil}}{100000 - \text{Nil}}$$

quick ratio 4.4

(5) Return on Investment Ratio:

$$\frac{\text{operating profit}}{\text{Sales}} \times 100$$

$$\begin{aligned} \text{operating profit} &= \text{gross profit} - \text{operating exp} \\ &= 800000 - \text{wages / carriage inwards} \\ &= 800000 - 100000 \\ &= 700000 \end{aligned}$$

$$\frac{700000}{2000000} \times 100$$

Return on investment ratio 35%

⑥ Selling distribution expenses ratio:

$$\frac{\text{Selling \& disteibance}}{\text{Sales}} \times 100$$

$$\frac{80000}{2000000} \times 100$$

Selling disteibution expenses ratio 4%