KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION

Ratio Analysis

WORKSHEET - 1

NAME OF STUDENT:

DATE:

Q1	If the operating ratio of a company is 75%, operating profit ratio will be __________	1
Ans	25%	
Q2	Quick Assets do not include (A) Cash in Hand (B) Marketable Securities (C) Prepaid Expenses (D) Trade Receivables	1
Ans	(C) Prepaid Expenses	
Q3	The debt-equity ratio of a company is 2 : 1. State, giving reason, if issue of shares of 6,00,000 will increase, decrease or not affect the ratio.	1
Ans	Decrease because issue of shares will increase the equity.	
Q4	X Ltd. has a current ratio of 3 : 1 and quick ratio of 2 : 1. The excess of current assets over quick assets are Rs. 24,000. Calculate current assets and current liabilities.	1
Ans	Current Assets - Quick Assets/ Current Liabilities =1 24,000/ Current Liabilities =1 Current Liabilities=24,000 Current Ratio = Current Assets/ Current Liabilities 3/1= Current Assets/ 24,000 Current Assets=72,000	3
Q5	From the following information, compute ‘Total Assets to Debt Ratio’ : Long-term Borrowings 3,00,000 Long-term Provisions 1,50,000 Current Liabilities 75,000 Non-Current Assets 5,40,000 Current Assets 1,35,000	3
Ans	Total assets to Debt Ratio = Total assets/ Debt Total assets= Non current assets + Current assets = 5,40,000 + 1,35,000 =6,75,000 Debt = Long Term borrowings + Long Term provisions =3,00,000+ 1,50,000 =4,50,000 Total assets to Debt Ratio =6,75,000/ 4,50,000 = 1.5:1	
Q6	Calculate the value of opening inventory and closing inventory from the following information : Revenue from operations Rs. 4,50,000; Gross profit was 25% above cost; Opening inventory was Rs. 10,000 more than the closing inventory; Inventory Turnover Ratio was 6 times.	3
Ans	Revenue from operations= ₹4,50,000 Gross profit = 25% above cost or 1/5 of Revenue from operations = 1/5 x ₹4,50,000 = ₹90,000 Cost of Revenue from operations = Revenue from operations - Gross profit = ₹4,50,000 - ₹90,000 = ₹3,60,000 Inventory Turnover Ratio = Cost of Revenue from operations/ Average Inventory 6 = ₹3,60,000/ Average Inventory Average Inventory = ₹60,000 Average Inventory = Opening Inventory + Closing Inventory/2 ₹60,000= [(Closing Inventory+ ₹10,000)+ Closing Inventory]/2 Closing Inventory= ₹55,000 Therefore, Opening Inventory= ₹55,000 + ₹10,000 = ₹65,000	
Q7		3

	From the following information, calculate Gross Profit Ratio : Revenue from Operations : Cash 2,00,000 Credit 8,00,000 Purchases : Cash 40,000 Credit 3,60,000 Carriage Inwards 8,000 Salaries 42,000 Decrease in Inventory 1,22,000 Returns Outwards 20,000 Wages 20,000	
Ans	Gross Profit Ratio = Gross profit/ Revenue from operations x 100 Gross Profit = Total Revenue from operations – Cost of Revenue from operations Total Revenue from operations= Cash Revenue from operations + Credit Revenue from operations = ₹2,00,000 + ₹8,00,000 = ₹10,00,000 Cost of Revenue from operations = Decrease in inventory+ Cash Purchases + Credit Purchases – Returns Outwards + Carriage inwards + Wages = ₹1,22,000 +₹40,000 + ₹3,60,000 – ₹20,000 +₹8,000 + ₹20,000 = ₹5,30,000 Gross Profit = Total Revenue from operations - Cost of Revenue from operations = ₹10,00,000 - ₹5,30,000 = ₹4,70,000 OR 3 marks 32 Gross profit Ratio = ₹4,70,000/₹ 10,00,000 x 100 = 47%	

KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION Ratio Analysis WORKSHEET - 2 NAME OF STUDENT: DATE:		
Q1	State the impact of 'Bills Receivable discounted dishonoured on due date' on the liquid ratio of 0·75 : 1. Also give reason in support of your answer.	1
Ans	No change Reason: It results in increase in asset (debtors) and decrease in other asset (bank)with the same amount.	
Q2	State whether the following statement is true or false. 'Inventory Turnover Ratio measures the level of financial leverage.'	1
Ans	False	
Q3	The total debtors of X Ltd. were ₹ 9,00,000. It had created a provision of 10% for bad and doubtful debts. What amount of debtors will be used for calculating the 'Trade Receivables Turnover Ratio' ?	1
Ans	₹9,00,000	
Q4	What will be the impact of 'issuing < 5,00,000 equity shares to vendors of machinery' on the Debt-Equity Ratio of 2 : 1 ?	1
Ans	Decrease	
Q5	In a company, rate of Gross Profit on cost is 20%. Its Gross Profit is₹ 4,00,000. Current Liabilities are 50% of the Current Assets, and Current Assets are ₹ 12,00,000. Calculate the Working Capital Turnover Ratio.	3
Ans	Working Capital turnover Ratio = Revenue from operations/ working Capita Cost of Revenue of operations = 4,00,000/ 20 x 100 = 20,00,000 Revenue from operations = Cost of Revenue from Operations + Gross Profit = 20,00,000 + 4,00,000 = 24,00,000 Working Capital = Current Assets- Current Liabilities = 12,00,000 – 6,00,000 = 6,00,000 Working Capital turnover Ratio = 24,00,000/ 6,00,000 = 4 times	
Q6	Current Liabilities < 1,50,000, Current Assets ₹ 2,80,000, Inventories ₹ 40,000, Advance Tax < 30,000, and Prepaid Rent ₹ 10,000. Calculate Quick Ratio	3
Ans	Quick Ratio= Quick Assets/ Current Liabilities Quick assets= Current assets – Inventories – Advance Tax – Prepaid rent = ₹2,80,000 - ₹40,000 - ₹30,000 – ₹10,000 = ₹2,00,000 Quick Ratio= ₹2,00,000/₹1,50,000 Quick Ratio =1.33:1	
Q7	From the following information obtained from the books of P. Ltd., calculate Return on Investment Information : Net Profit after interest and tax ₹ 6,00,000; 6% Debentures ₹10,00,000; Capital employed ₹ 20,00,000, and Tax rate 40%.	3
Ans	Return on Investment = Net profit before interest and tax/ Capital Employed x 100 Net profit before interest and tax = Net profit after interest and tax + tax + interest = ₹6,00,000 + ₹4,00,000 + ₹60,000 = ₹10,60,000 Capital Employed = ₹20,00,000 Return on Investment =₹10,60,000/₹20,00,000 x100 =53%..	

KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION Ratio Analysis WORKSHEET - 1 NAME OF STUDENT: DATE:		
Q1	If the operating ratio of a company is 75%, operating profit ratio will be _________	1
Ans		
Q2	Quick Assets do not include (A) Cash in Hand (B) Marketable Securities (C) Prepaid Expenses (D) Trade Receivables	1
Ans		
Q3	The debt-equity ratio of a company is 2 : 1. State, giving reason, if issue of shares of Rs. 6,00,000 will increase, decrease or not affect the ratio.	1
Ans		
Q4	X Ltd. has a current ratio of 3 : 1 and quick ratio of 2 : 1. The excess of current assets over quick assets are Rs. 24,000. Calculate current assets and current liabilities.	1
Ans		3
Q5	From the following information, compute ‘Total Assets to Debt Ratio’ : Long-term Borrowings 3,00,000 Long-term Provisions 1,50,000 Current Liabilities 75,000 Non-Current Assets 5,40,000 Current Assets 1,35,000	3
Ans		

Q6	Calculate the value of opening inventory and closing inventory from the following information : Revenue from operations Rs. 4,50,000; Gross profit was 25% above cost; Opening inventory was Rs. 10,000 more than the closing inventory; Inventory Turnover Ratio was 6 times.	3
Ans		
Q7	From the following information, calculate Gross Profit Ratio : Revenue from Operations : Cash 2,00,000 Credit 8,00,000 Purchases : Cash 40,000 Credit 3,60,000 Carriage Inwards 8,000 Salaries 42,000 Decrease in Inventory 1,22,000 Returns Outwards 20,000 Wages 20,000	
Ans		

KENDRIYA VIDYALAYA SANGATHAN AHMEDABAD REGION

Ratio Analysis

WORKSHEET - 2

NAME OF STUDENT:

DATE:

Q1	State the impact of 'Bills Receivable discounted dishonoured on due date' on the liquid ratio of 0·75 : 1. Also give reason in support of your answer.	1
Ans		
Q2	State whether the following statement is true or false. 'Inventory Turnover Ratio measures the level of financial leverage.'	1
Ans		
Q3	The total debtors of X Ltd. were ₹ 9,00,000. It had created a provision of 10% for bad and doubtful debts. What amount of debtors will be used for calculating the 'Trade Receivables Turnover Ratio' ?	1
Ans		
Q4	What will be the impact of 'issuing < 5,00,000 equity shares to vendors of machinery' on the Debt-Equity Ratio of 2 : 1 ?	1
Ans		
Q5	In a company, rate of Gross Profit on cost is 20%. Its Gross Profit is₹ 4,00,000. Current Liabilities are 50% of the Current Assets, and Current Assets are ₹ 12,00,000. Calculate the Working Capital Turnover Ratio.	3
Ans		
Q6	Current Liabilities < 1,50,000, Current Assets ₹ 2,80,000, Inventories ₹ 40,000, Advance Tax < 30,000, and Prepaid Rent ₹ 10,000. Calculate Quick Ratio	3
Ans		

Q7	From the following information obtained from the books of P. Ltd., calculate Return on Investment Information : Net Profit after interest and tax ₹ 6,00,000; 6% Debentures ₹10,00,000; Capital employed ₹ 20,00,000, and Tax rate 40%.	3
An		

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION	
RETIREMENT OF A PARTNER	
WORK SHEET 1 (WITH SUGGESTED ANSWERS)	
NAME OF STUDENT:	
DATE:	
Q.1	Give two circumstances in which the gaining ratio is computed.
Ans	(a) At the time of change in profit sharing ratio. (b) When partner retires or dies.
Q.2	X, Y and Z are partners sharing profit and losses in the ratio 5:3:2. Z retires. Calculate new profit-sharing ratio.
Ans	New Profit-Sharing Ratio 5:3
Q.3	AMAR, Ram, Mohan and Soham were partners in a firm sharing profits in the ratio of 2:2:2:1. On 31st January, 2017 Soham retired. On Soham's retirement the goodwill of the firm was valued at Rs. 70,000. The new profit-sharing ratio among Amar, Ram and Mohan was agreed as 5:1:1.
Ans	Amar's capital A/c …. Dr. 30,000 To Ram's Capital A/c 10,000 To Mohan's Capital A/c 10,000 To Soham's Capital A/c 10,000
Q.4	Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires and goodwill of the firm is valued at Rs. 1,80,000. Aparna and Sonia decided to share future in the ratio of 3:2. Pass necessary Journal entries.
Ans	Aparna's Capital A/c Dr. 18,000 Sonia's Capital A/c Dr. 42,000 To Manisha's Capital A/c 60,000 (Goodwill credited to Manisha's capital and debited to continuing partners' capitals in the gaining ratio)
Q. 5	X, Y and Z are partners sharing profits in the ratio of 5: 3:2. Y retires selling his share to X and Z for Rs. 30000. Rs 20000 being paid by X and Rs. 10000 paid by Z. The profit for the year after Y's retirement is Rs. 49000. X and Z bring necessary amount in cash and Y is paid off. Pass necessary journal entries to: a) Record the sale of Y's share to X and Z b) Distribute the profit between X and Z.
Ans	JOURNAL: Cash A/c Dr. 30000 To X 20000 To Z 10000 Y 30000 To Cash 30000 P/l App Dr. 49000 To X 34300 To Z 14700
Q.6	Bhavin, Ankit and Kartik were equal partners. Their Balance Sheet as at 31st March 2012 was : **BALANCE SHEET as at 31st March, 2012**

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)

Creditors	60,000	Cash	18,000
Reserve	30,000	Stock	20,000
Profit and Loss A/c	6,000	Furniture	28,000
Capital A/c :		Debtors 45,000	
Bhavin : 60,000		Less : Provision for	
Ankit : 40,000		Bad debts 5,000	40,000
Kartik : 30,000	1,30,000	Land & Building	1,20,000
	2,26,000		**2,26,000**

Ankit retired on 1st April, 2012. Bhavin and Kartik decided to continue the business as equal partners on the following terms:

a) Goodwill of the firm was valued at Rs. 30,000.
b) The Provision for Bad Doubtful debts to be maintained @ 10 % on Debtors.
c) Land and Buildings to be increased to Rs. 1,42,000.
d) Furniture to be reduced by Rs. 6,000.
e) Rent outstanding (not provided for as yet) was Rs. 1,500.

Prepare the Revaluation Account, Partners' Capital Accounts.

Revaluation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
Furniture	6,000	Land & Building	22,000
Rent Outstanding	1,500	Provision for bad debts	500
Capital A/c (profit)			
Bhavin 5,000			
Ankit 5,000			
Kartik 5,000	15,000		
	22,500		22,500

Partner's Capital A/c

Particulars	Bhavin	Ankit	Kartik	Particulars	Bhavin	Ankit	Kartik
Ankit's Cap. A/c	5,000	----	5,000	Balance b/d	60,000	40,000	30,000
Ankit's Loan A/c	----	67,000	----	Reserve	10,000	10,000	10,000
Balance c/d	72,000	----	42,000	Profit & Loss A/c	2,000	2,000	2,000
				Revaluation A/c	5,000	5,000	5,000
				Bhavin's Cap.	----	5,000	----
				Kartik's Cap. A/c	----	5,000	----
	77,000	67,000	47,000		77,000	67,000	47,000

KENDRIYA VIDYALAYA SANGATHAN – AHMEDABAD REGION	
RETIREMENT OF A PARTNER	
WORK SHEET 1	
NAME OF STUDENT:	
DATE:	
Q. 1	Give two circumstances in which the gaining ratio is computed.
Ans	--- ---
Q. 2	X, Y and Z are partners sharing profit and losses in the ratio 5:3:2. Z retires. Calculate new profit-sharing ratio.
Ans	
Q. 3	Amar, Ram, Mohan and Soham were partners in a firm sharing profits in the ratio of 2:2:2:1. On 31st January, 2017 Soham retired. On Soham's retirement the goodwill of the firm was valued at Rs. 70,000. The new profit-sharing ratio among Amar, Ram and Mohan was agreed as 5:1:1. Pass the journal.
Ans	Journal

Date	Particulars	Dr (Rs.)	Cr (Rs.)

Q. 4	Aparna, Manisha and Sonia are partners sharing profits in the ratio of 3:2:1. Manisha retires and goodwill of the firm is valued at Rs. 1,80,000. Aparna and Sonia decided to share future in the ratio of 3:2. Pass necessary Journal entry.
Ans	Journal

Date	Particulars	Dr (Rs.)	Cr (Rs.)

Q. 5	X, Y and Z are partners sharing profits in the ratio of 5:3:2. Y retires selling his share to X and Z for Rs. 30000. Rs 20000 being paid by X and Rs. 10000 paid by Z. The profit for the year after Y's retirement is Rs. 49000. X and Z bring necessary amount in cash and Y is paid off. Pass necessary journal entries to: a) Record the sale of Y's share to X and Z

	b) Distribute the profit between X and Z.

Journal

Date	Particulars	Dr (Rs.)	Cr (Rs.)

Q.6 Bhavin, Ankit and Kartik were equal partners. Their Balance Sheet as at 31st March 2022 was:

BALANCE SHEET as at 31st March, 2022

Liabilities	**Amount (Rs.)**	**Assets**		**Amount (Rs.)**
Creditors	60,000	Cash		18,000
Reserve	30,000	Stock		20,000
Profit and Loss A/c	6,000	Furniture		28,000
Capital A/c :		Debtors	45,000	
Bhavin : 60,000		Less : Provision for		
Ankit : 40,000		Bad debts	5,000	40,000
Kartik : 30,000	1,30,000	Land & Building		1,20,000
	2,26,000			**2,26,000**

Ankit retired on 1st April, 2022. Bhavin and Kartik decided to continue the business as equal partners on the following terms:

f) Goodwill of the firm was valued at Rs. 30,000.
g) The Provision for Bad Doubtful debts to be maintained @ 10 % on Debtors.
h) Land and Buildings to be increased to Rs. 1,42,000.
i) Furniture to be reduced by Rs. 6,000.
j) Rent outstanding (not provided for as yet) was Rs. 1,500.

Prepare the Revaluation Account, Partners' Capital Accounts.

Revaluation A/c

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)

Partner's Capital A/c

Particulars	Bhavin	Ankit	Kartik	Particulars	Bhavin	Ankit	Kartik