

101 compute Trade receivables turnover Ratio from the following:

	31st March, 2022	31st March, 2023
Revenue from operations (Net sales)	8,00,000	
	7,00,000	
Debtors in the beginning of year	83,000	
	1,17,000	
Debtors at the end of year	1,17,000	83,000
Sales Return	1,00,000	50,000

solution:

2021

$$\begin{aligned}
 \text{Avg. Trade Receivable} &= \frac{\text{Opening Debtors} + \text{Closing Debtors}}{2} \\
 &= \frac{83,000 + 1,17,000}{2} \\
 &= 1,00,000
 \end{aligned}$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$$

$$= \frac{8,00,000}{1,00,000}$$

$$= 8 \text{ Times}$$

2022

$$\frac{\text{Avg. Trade Receivable}}{\frac{\text{Opening Debtors} + \text{Closing Debtors}}{2}}$$

=

$$= \frac{1,17,000 + 83,000}{2}$$

$$= 1,00,000$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Credit Revenue from operation}}{\text{Avg. Trade Receivable}}$$

$$= \frac{7,00,000}{1,00,000}$$

$$= 7 \text{ Times}$$

102 Closing Trade Receivables 1,20,000, Revenue from operations 14,40,000. provision for Doubtful Debt 20,000. Calculate trade receivables Ratio.

solution:

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Credit Revenue from operation}}{\text{Avg. Trade Receivable}}$$

$$= \frac{14,40,000}{1,20,000}$$

$$= 12 \text{ Times}$$

103 Closing Trade Receivables 4,00,000; Cash sales being 25% of credit sales; Excess of closing Trade Receivables over opening Trade Receivables 2,00,000; Revenue from operations, i.e., Net sales 15,00,000. Calculate Trade Receivables Turn over Ratio.

**Solution:**

$$\text{Closing Trade Receivable} = 4,00,000$$

$$\begin{aligned}\text{Opening Trade Receivable} &= 4,00,000 - 2,00,000 \\ &= 2,00,000\end{aligned}$$

$$\text{Net Revenue from operation} = \text{Cash sales} + \text{Credit Sales}$$

$$15,00,000 = \frac{25x}{100} + x$$

$$\text{Closing Trade Receivable} = 4,00,000$$

$$\begin{aligned}\text{Opening Trade Receivable} &= 4,00,000 - 2,00,000 \\ &= 2,00,000\end{aligned}$$

$$\text{Net sales} = \text{Cash sales} + \text{Credit Sales}$$

$$15,00,000 = \frac{25x}{100} + x$$

$$x = \frac{15,00,000 \times 100}{125}$$

$$\text{credit sales} = 12,00,000$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$$

$$= \frac{12,00,000}{\frac{2,00,000 + 4,00,000}{2}}$$

$$= \frac{12,00,000 \times 2}{6,00,000}$$

$$= 4 \text{ Times}$$

- 104 A firm normally has Trade Receivables equal to two months credit sales. During the coming year it expects credit sales of 7,20,000 spread evenly over the year (12 months). What is estimated amount of Trade Receivables at the end of the year?

**Solution:**

**Closing Trade Receivable = Two months credit sales**

$$= \frac{7,20,000}{12} \times 2$$

$$= 1,20,000$$

- 105 Mercury Ltd. made credit sales of 4,00,000 during the financial period. If the collection period is 36 days and year is assumed to be 360 days, calculate:

- I. Trade Receivables Turnover Ratio;
- II. Average Trade Receivables;
- III. Trade Receivables at the end when Receivables at the end are more than in the beginning by 6,000.

**Solution:**

$$\text{Debt Collection period} = \frac{\text{Number of Days}}{\text{Trade Receivable Turnover Ratio}}$$

$$36 = \frac{360}{\text{Trade Receivable Turnover Ratio}}$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Avg. Trade Receivable}}$$

$$10 = \frac{4,00,000}{\text{Avg. Trade Receivable}}$$

$$\text{Avg. Trade Receivables} = 40,000$$

Let the opening trade receivable be x

$$\text{closing Trade receivable} = x + 6,000$$

$$\text{Avg. Trade Receivable} = \frac{\text{op. T/R} + \text{cl. T/R}}{2}$$

$$40,000 = \frac{x + (x + 6,000)}{2}$$

$$2x + 6,000 = 80,000$$

$$\text{Opening Inventory} = 37,000$$

$$\text{Closing Inventory} = 43,000$$

106 Calculate Trade Receivables Turnover Ratio in each of the following alternative cases:

Case 1: Net credit sales 4,00,000; Average Trade receivables 1,00,000.

Case 2: Revenue from operations (Net sales) 30,00,000; Cash revenue from operations, i.e., Cash sales 6,00,000; opening trade receivables 2,00,000; closing trade receivables 6,00,000.

Case 3: Cost of revenue from operations or cost of goods sold 3,00,000; Gross profit on cost 25% cash sales 20% of Total sales; opening trade receivables 50,000; closing trade receivables 1,00,000.

Case 4: Cost of Revenue from operations or cost of goods sold 4,50,000; Gross profit on sales 20% cash sales 25% of net credit

sales, opening trade receivables 90,000; closing trade receivables 60,000.

Case 1:

**Trade Receivable Turnover Ratio =**

$$\frac{\text{Net credit+Revenue from operation}}{\text{Avg.Trade Receivables}}$$

$$= \frac{4,00,000}{1,00,000}$$
$$= 4 \text{ times}$$

**Case 2: Net credit revenue from operation = Net sales - cash sales**

$$= 30,00,000 - 6,00,000$$

$$= 24,00,000$$

$$\text{Avg. Trade Receivable} = \frac{\text{op. T/R} + \text{cl. T/R}}{2}$$

$$= \frac{2,00,000 + 6,00,000}{2}$$

$$\text{Average Trade Receivable} = 4,00,000$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Net Credit Sales}}{\text{Avg.Trade Recivable}}$$

$$= \frac{24,00,000}{4,00,000}$$
$$= 6 \text{ times}$$

Case 3:

$$\text{Gross profit} = \frac{25}{100} \text{ of cost goods sold}$$

$$= \frac{25}{100} \times 3,00,000$$

$$= 75,000$$

Gross profit = Revenue from operation - cost of goods sold

75,000 = Revenue from operation - 3,00,000

Revenue from operation (Net sales) = 3,75,000

Net sales = Cash Sales + Credit sales

$3,75,000 = \frac{20}{100} \times 3,75,000 + \text{Credit sales}$

credit sales = 3,75,000 - 75,000

= 3,00,000

Inventory Turnover Ratio =  $\frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Receivable}}$

=  $\frac{3,00,000}{\frac{50,000 + 1,00,000}{2}}$

=  $\frac{3,00,000 \times 2}{1,50,000}$

= 4 times

Case 4:

Gross profit = Net Return from operation - cost of goods sold

$\frac{20}{100} \times x = x - 4,50,000$

$\frac{80x}{100} = 4,50,000$

Net revenue from operations =  $\frac{4,50,000 \times 100}{80}$

= 5,62,500

Net sales = cash sales + credit sales

$5,62,500 \frac{25}{100} \times x + x$

$$\text{Net credit revenue from operations} = \frac{5,62,500 \times 100}{125}$$

$$= 4,50,000$$

$$\text{Avg. Trade Receivable} = \frac{\text{op. T/R} + \text{cl. T/R}}{2}$$

$$= \frac{90,000 + 60,000}{2}$$

$$= 75,000$$

$$\text{Inventory Turnover Ratio} = \frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Receivable}}$$

$$= \frac{4,50,000}{75,000}$$

$$= 6 \text{ times}$$

**107** From the information given below calculate Trade Receivables Turnover Ratio:

Credit Revenue from operations, i.e., Credit sales 8,00,000; opening Trade Receivables 1,20,000; and closing Trade Receivables 2,00,000.

State, giving reason, which of the following would increase, decrease or not change Trade Receivables Turnover Ratio:

- I. Collection From Trade Receivables 40,000.
- II. Credit Revenue from operations, i.e., credit sales 80,000
- III. Sales Return 20,000
- IV. Credit Purchase 1,60,000.

**Solution:**

**108** 1,75,000 is the Credit revenue from operations, i.e., Net credit of an enterprise. If Trade Receivables Turnover Ratio is 8 times, calculate Trade Receivables in the beginning and at the



end of the year. Trade Receivables at the end is 7,000 more than in the beginning.

**Solution:**

$$\text{Credit revenue from operation} = 1,75,000$$

$$\text{Let the Trade receivable in the begening be} = x$$

$$\text{Closing Trade Receivable} = x + 7,000$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$$

$$8 = \frac{1,75,000}{\frac{x+x+7,000}{2}}$$

$$8 = \frac{1,75,000}{2x+7,000}$$

$$8(2x + 7,000) = 1,75,000 \times 2$$

$$2x + 7,000 = \frac{1,75,000 \times 2}{8}$$

$$2x = 43,750 - 7,000$$

$$\text{Opening Trade Receivable (x)} = \frac{36,750}{2} = 18,375$$

$$\text{Closing Trade Receivable} = 18,375 + 7,000 = 25,375$$

**109** From the following information, calculation opening and closing Trade Receivables, if Trade Receivables Turnover Ratio is 3 Times.

- I. Cash Revenue from operations is 1/3rd of credit Revenue from operations .
- II. Cost of Revenue from operations is 3,00,000.
- III. Gross profit is 25% of the Revenue from operations.

IV. Trade Receivables at the end are 3 times more than that of the beginning.

Solution:

Gross profit = Net sales - Cost of Goods sold

$$= \frac{25}{100} x = x - 3,00,000$$

$$x - \frac{25x}{100} = 3,00,000$$

$$= \frac{75}{100} x = 3,00,000$$

$$x = \frac{3,00,000 \times 100}{75}$$

Net revenue from operations = 4,00,000

let cash sales be x

Net revenue from operations = cash sales + credit sales

$$4,00,000 = \frac{1}{3} x + x$$

$$= \frac{4x}{3} = 4,00,000$$

$$x = \frac{4,00,000 \times 3}{4}$$

Net credit revenue from operation = 3,00,000

Let the opening trade receivable be x

closing trade receivables = x + 3x

Trade Receivable Turnover Ratio =  $\frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$

$$3 = \frac{3,00,000}{\frac{x + 4x}{2}}$$

$$3(x + 4x) = 3,00,000 \times 2$$

$$x = \frac{3,00,000 \times 2}{3 \times 5}$$

$$\text{Opening Trade Receivable} = 40,000$$

$$\begin{aligned} \text{Closing Trade Receivable} &= 40,000 \times 4 \\ &= 1,60,000 \end{aligned}$$

**110** Cash revenue from operations (cash sales) 2,00,000, cost of Revenue from operations or cost of goods sold 3,50,000; Gross profit 1,50,000; Trade Receivables Turnover Ratio 3 times. Calculate opening and closing Trade Receivables in each of the following alternative cases:

**Case 1:** If closing Trade Receivables were 1,00,000 in excess of Opening Trade Receivables.

**Case 2:** If Trade Receivables at the end were 3 times than in the beginning.

**Case 3:** If Trade Receivables at the end were 3 times more than that of in the beginning.

**Solution:**

**Gross profit = Net sales - Cost of goods sold**

$$1,50,000 = \text{Net sale} - 3,50,000$$

$$\text{Net sales} = 5,00,000$$

**Net sales = Cash sales + Credit sales**

$$5,00,000 = 2,00,000 + \text{Credit sales}$$

$$\text{Net credit revenue from operation} = 3,00,000$$

**(Net credit sales)**

**Case : 1**

$$\text{Opening Trade Receivable} = x$$

$$\text{Closing Trade Receivable} = x + 1,00,000$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$$

$$3 = \frac{3,00,000}{\frac{x + (x + 1,00,000)}{2}}$$

$$2x + 1,00,000 = \frac{3,00,000 \times 2}{3}$$

$$2x = 2,00,000 - 1,00,000$$

$$x = \frac{1,00,000}{2}$$

$$\text{Opening Trade Receivable} = 50,000$$

$$\begin{aligned} \text{Closing Trade Receivable} &= 50,000 + 1,00,000 \\ &= 1,50,000 \end{aligned}$$

Case : 2

$$\text{Opening Trade Receivable} = x$$

$$\text{Closing Trade Receivable} = 3x$$

$$\text{Trade Receivable Turnover Ratio} = \frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$$

$$3 = \frac{3,00,000}{\frac{x + 3x}{2}}$$

$$3(x + 3x) = \frac{3,00,000 \times 2}{3 \times 4}$$

$$\text{Opening Trade Receivable} = 50,000$$

$$\begin{aligned} \text{Closing Trade Receivable} &= 50,000 \times 3 \\ &= 1,50,000 \end{aligned}$$

Case : 3

Opening Trade Receivable = x

Closing Trade Receivable = x + 3x = 4x

Trade Receivable Turnover Ratio =  $\frac{\text{Net Credit Revenue from operation}}{\text{Avg. Trade Recivable}}$

$$3 = \frac{3,00,000}{\frac{x+4x}{2}}$$

$$3(x + 4x) = \frac{3,00,000 \times 2}{3 \times 5}$$

Opening Trade Receivable = 40,000

Closing Trade Receivable = 40,000 x 4

= 1,60,000

111 Calculate Trade payable turnover ratio and Average Debt payment period from the following information:

	1st April, 2022	31st March, 2023
Sundry Creditors	1,50,000	4,50,000
Bills payable	50,000	1,50,000
Total purchases 21,00,000; purchases Return 1,00,000; cash purchases 4,00,000.		

Solution:

Total purchase = Cash purchase + purchase return

$$21,00,000 = 4,00,000 + \text{Credit purchase}$$

Credit purchase = 17,00,000

**Net credit purchase = Credit purchase - purchase Return**

$$= 17,00,000 - 1,00,000$$

$$\text{Avg. Trade payables} = \frac{\text{op.creditors} + \text{cl.creditors}}{2} + \frac{\text{Op.B/p} + \text{Cl. B/p}}{2}$$

$$= \frac{1,50,000 + 4,50,000}{2} + \frac{50,000 + 1,50,000}{2}$$

$$= 3,00,000 + 1,00,000$$

$$= 4,00,000$$

$$\text{Trade Payable Turnover Ratio} = \frac{\text{Net Credit Purchase}}{\text{Avg.Trade Recivable}}$$

$$= \frac{16,00,000}{4,00,000}$$

$$= 4 \text{ times}$$

$$\text{Avg. Debt Payment Ratio} = \frac{\text{Months in a year}}{\text{Trade payable turnover Ratio}}$$

$$= \frac{12}{4}$$

$$= 3 \text{ months}$$

**112 Calculate Trade payable turnover ratio from the following information:**

**Opening Creditors 1,25,000; opening bills payable 10,000; closing creditors 90,000 closing bills payable 5,000 purchase 9,50,000 cash purchase 1,00,000 purchase return 45,000.**

**Solution:**

**Net credit purchase = Total purchase - cash purchase - purchase**

**Return**

$$= 9,50,000 - 1,00,000 - 45,000$$

$$= 8,05,000$$

$$\text{Avg. Creditors} = \frac{\text{Op.creditors} + \text{Cl.creditors}}{2}$$

$$= \frac{1,25,000 + 90,000}{2}$$

$$= \frac{2,15,000}{2} = 1,07,500$$

$$\text{Avg. Trade payable} = \frac{\text{Op.B/p} + \text{Cl. B/p}}{2}$$

$$= \frac{10,000 + 5,000}{2}$$

$$= 7,500$$

$$\text{Avg. Trade payable} = \text{Avg. creditors} + \text{Avg. Bills payable}$$

$$= 1,07,500 + 7,500$$

$$= 1,15,000$$

$$\text{Trade Payable Turnover Ratio} = \frac{\text{Net Credit Purchase}}{\text{Avg.Trade Recivable}}$$

$$= \frac{8,05,000}{1,15,000}$$

$$= 7 \text{ times}$$

**113 Calculate trade payables turnover ratio for the year 2022-23 in each of the alternative cases:**

**Case 1: Closing Trade payables 454,000 net purchase 3,60,000 purchases return 60,000 cash purchase 90,000**

**Case 2: Opening Trade payables 15,000 closing Trade payables 45,000 net purchases 3,60,000**

**Case 3: Closing trade payables 45,000 net purchases 3,60,000**

**Case 4: Closing trade payables (including 25,000 due to a supplier of machinery) 55,000 net credit purchases 3,60,000.**

**Case -1**

**Net credit purchase = Net purchase – cash purchase**

$$= 3,60,000 - 90,000$$

$$= 2,70,000$$

**Average trade payable = closing trade payable**

$$= 45,000$$

$$\text{Trade Payable Turnover Ratio} = \frac{\text{Net Credit Purchase}}{\text{Avg. Trade Recivable}}$$

$$= \frac{2,70,000}{45,000}$$

$$= 6 \text{ times}$$

**Case – 2**

**Net credit purchase = Net purchase**

$$= 3,60,000$$

$$\text{Average Trade payable} = \frac{\text{Op. T/p} + \text{Cl. T/p}}{2}$$

$$= \frac{15,000 + 45,000}{2}$$

$$= 30,000$$

$$\text{Trade Payable Turnover Ratio} = \frac{\text{Net Credit Purchase}}{\text{Avg. Trade payable}}$$

$$= \frac{3,60,000}{30,000}$$

$$= 12 \text{ times}$$

**Case – 3**

**Avg. trade payables = closing trade payable**

$$= 45,000$$

**Net credit purchase = Net purchases = 3,60,000**



$$\begin{aligned}
 \text{Trade Payable Turnover Ratio} &= \frac{\text{Net Credit Purchase}}{\text{Avg. Trade payable}} \\
 &= \frac{3,60,000}{45,000} \\
 &= 8 \text{ times}
 \end{aligned}$$

Case – 4

Avg. trade payable = closing trade payable – due to supplier of machinery

$$\begin{aligned}
 &= 55,000 - 25,000 \\
 &= 30,000
 \end{aligned}$$

Net credit purchase = 3,60,000

$$\begin{aligned}
 \text{Trade Payable Turnover Ratio} &= \frac{\text{Net Credit Purchase}}{\text{Avg. Trade payable}} \\
 &= \frac{3,60,000}{30,000} \\
 &= 12 \text{ times}
 \end{aligned}$$

- 114 A firm normally has trade receivables equal to two month's credit sales. During the coming year it expects credit sales of 7,20,000 spread evenly over the year (12 months). What is the estimated amount of trade receivables at the end of the year?

Solution:

Closing Trade Receivable = two months credit sales

$$\begin{aligned}
 &= \frac{7,20,000}{12} \times 2 \\
 &= 1,20,000
 \end{aligned}$$

115 Mercury Ltd. made credit sales of 4,00,000 during the financial period. If the collection period is 36 days and year is assumed to be 360 days, calculate:

- I. Trade receivables ratio:
- II. Average trade receivables
- III. Trade receivables at the end when trade receivables at the end are more than that in the beginning by 6,000.

$$\text{Debt collection period} = \frac{\text{Number of Days}}{\text{Trade Receivables Turnover Ratio}}$$

$$36 = \frac{360}{\text{Trade Receivables Turnover Ratio}}$$

Trade receivables turnover Ratio = 10 times

$$\text{Trade receivables turnover ratio} = \frac{\text{Net credit sales}}{\text{Avg, trade receivables}}$$

$$10 = \frac{4,00,000}{\text{Avg. Trade Receivables}}$$

$$\text{Avg. Trade receivables} = 40,000$$

Let the opening trade receivables be x

$$\text{Closing trade receivables} = x + 6,000$$

$$\text{Average Trade payable} = \frac{\text{Op. T/R} + \text{Cl. T/R}}{2}$$

$$40,000 = \frac{x + (x + 6,000)}{2}$$

$$2x + 6,000 = 80,000$$

$$\text{Opening inventory} = 37,000$$

$$\text{Closing inventory} = 37,000 + 6,000$$

$$= 43,000$$

**116 Calculate working capital turnover ratio from the following information:**

Revenue from operations	24,00,000
Current Assets	10,00,000
Current Liabilities	4,00,000

**Solution:**

**Working capital = current Assets – current liabilities**

$$= 10,00,000$$

$$= 6,00,000$$

**Revenue from operation = 24,00,000**

**Working capital Turnover Ratio =  $\frac{\text{Revenue from operation}}{\text{working capital}}$**

$$= \frac{24,00,000}{6,00,000}$$

$$= 4 \text{ times}$$

**117 From the following information, calculate working capital turnover Ratio:**

**Cost of revenue from operations (cost of goods sold)**  
**5,00,000**

**Current Assets**  
**2,50,000**

**Current Liabilities**  
**1,50,000**

**Solution:**

**Net revenue from operation = cost of revenue from operations**

$$= 5,00,000$$

**Working capital = current Assets – current liabilities**

$$= 2,50,000 – 1,50,000$$

$$= 1,00,000$$

**Working capital Turnover Ratio =  $\frac{\text{Net Revenue from operation}}{\text{working capital}}$**

$$= \frac{5,00,000}{1,00,000}$$

$$= 5 \text{ times}$$

**118 Revenue from operations: cash sales 5,00,000; credit sales 6,00,000; sales return 1,00,000 current Assets 3,00,000; current liabilities 1,00,000. Calculate working capital turnover Ratio.**

**Solution:**

**Net revenue from operation = cash sales + credit sales – sales return**

$$= 5,00,000 + 6,00,000 – 1,00,000$$

$$= 10,00,000$$

**Working capital = current Assets – Current liabilities**

$$= 3,00,000 – 1,00,000$$

$$= 2,00,000$$

**Working capital Turnover Ratio =  $\frac{\text{Net Revenue from operation}}{\text{working capital}}$**

$$= \frac{10,00,000}{2,00,000}$$

$$= 5 \text{ times}$$

**119** Equity share capital 15,00,000; Gross profit on Revenue from operations, i.e., sales  $33\frac{1}{3}\%$  Cost of revenue from operations or cost of goods sold 20,00,000; Current Assets 10,00,000; Current liabilities 2,50,000. Calculate working capital turnover Ratio.

**Solution;**

**Gross profit = revenue from operation – cost of revenue from op.**

$$33\frac{1}{3}\% \text{ of } x = x - 20,00,000$$

$$x - \frac{1}{3}x = 20,00,000$$

$$x = \frac{20,00,000 \times 3}{2}$$

**Revenue from operation = 30,00,000**

**Working capital Turnover Ratio = Current Assets – Current Liabilities**

$$= 10,00,000 - 2,50,000$$

$$= 7,50,000$$

**Working capital Turnover Ratio =  $\frac{\text{net Revenue from operation}}{\text{working capital}}$**

$$= \frac{30,00,000}{7,50,000}$$

$$= 4 \text{ times}$$

**120** Gross profit at 25% on cost: Gross profit 5,00,000 equity share capital 10,00,000 reserve and surplus 2,00,000 long-term loan

3,00,000; fixed Assets (Net) 10,00,000. Calculate working capital Turnover Ratio.

**Solution:**

**Gross profit = 25% on cost of goods sold**

$$5,00,000 = \frac{25}{100} \times \text{cost of goods sold}$$

$$\begin{aligned}\text{Cost of goods sold} &= \frac{5,00,000 \times 100}{25} \\ &= 20,00,000\end{aligned}$$

$$\begin{aligned}\text{Net revenue from operation} &= \text{cost of goods sold} + \text{gross profit} \\ &= 20,00,000 + 5,00,000 \\ &= 25,00,000\end{aligned}$$

**Equity share capital + reserves & surplus = fixed Assets (Net) +  
Current  
+ Long term loans + current liabilities**

**Assets**

$$10,00,000 + 2,00,000 + 3,00,000 + \text{current} = 10,00,000 + \text{Current Assets}$$

**Liabilities**

$$\text{Current Assets} - \text{Current liabilities} = 5,00,000$$

$$\text{Working capital} = 5,00,000$$

$$\begin{aligned}\text{Working capital Turnover Ratio} &= \frac{\text{net Revenue from operation}}{\text{working capital}} \\ &= \frac{25,00,000}{5,00,000} \\ &= 5 \text{ times}\end{aligned}$$