

161 Revenue from operations, i.e., Net sales 8,20,000; Return 10,000; cost of Revenue from operations (cost of goods sold) 5,20,000; Operating expenses 2,09,000; Interest on Debentures 40,500; Gain (profit) on sale of a Fixed Assets 81,000. Calculate net profit Ratio.

Solution:

Gross profit = Revenue from operation - Cost of goods sold

$$= 8,20,000 - 5,20,000$$

$$= 3,00,000$$

Net Profit = Gross profit - operating expenses - interest on Debentures

+ gain on sale of fixed Assets

$$= 3,00,000 - 2,09,000 - 40,500 + 81,000$$

$$= 1,31,500$$

Net Profit Ratio = $\frac{\text{Net Profit}}{\text{Revenue from operation}} \times 100$

$$= \frac{1,31,500}{8,20,000} \times 100$$

$$= 16.04 \%$$

162 Revenue from operations 4,00,000; Gross profit Ratio 25%; Operating Ratio 90% Non-Operating Expenses 2,000; Non-Operating income 22,000. Calculate Net profit Ratio.

Solution:

Gross profit = 25% of Revenue from operation

$$= \frac{25}{100} \times 4,00,000$$

$$= 1,00,000$$

Cost of goods sold = Revenue from operation - Gross profit

$$= 4,00,000 - 1,00,000$$

$$= 3,00,000$$

Operating Ratio = $\frac{\text{Cost of goods sold} + \text{Operating Expense}}{\text{Revenue from operation}} \times 100$

$$90 = \frac{3,00,000 + \text{Operating Expenses}}{4,00,000} \times 100$$

Operating Exp. = $\frac{90 \times 4,00,000}{100} \times 100$

$$= 3,60,000 - 3,00,000$$

$$= 60,000$$

Net Profit = Gross Profit + Non-Operating Income - Operating Exp. - Non-operating Exp.

$$= 1,00,000 + 22,000 - 60,000 - 2,000$$

$$= 60,000$$

Net Profit Ratio = $\frac{\text{Net Profit}}{\text{Revenue from operation}} \times 100$

$$= \frac{60,000}{4,00,000} \times 100$$

$$= 15 \%$$

163 Net Profit before interest and Tax 2,50,000; Capital Employed 10,000. Calculate Return on Investment.

Solution:

$$\begin{aligned}\text{Return on Investment} &= \frac{\text{Profit Before Interest \& tax \& Dividend}}{\text{Capital Employed}} \times 100 \\ &= \frac{2,50,000}{10,00,000} \times 100 \\ &= 25\%\end{aligned}$$

164 Net profit before interest and Tax 6,00,000; Net Fixed Assets 20,00,000; Net working capital 10,00,000; current Assets 11,00,000. Calculate Return on investment.

Solution

$$\begin{aligned}\text{Capital Employed} &= \text{Net fixed Assets} + \text{Net working Capital} \\ &= 20,00,000 + 10,00,000 \\ &= 30,00,000\end{aligned}$$

$$\begin{aligned}\text{Return on Investment} &= \frac{\text{Profit Before Interest \& tax}}{\text{Capital Employed}} \times 100 \\ &= \frac{6,00,000}{30,00,000} \times 100 \\ &= 20\%\end{aligned}$$

165 Net Profit before and Tax 4,00,000; 15% Long-term Debt 8,00,000; Shareholder's Funds 4,00,000. Calculate return on investment.

Solution:

$$\begin{aligned}\text{Capital Employed} &= \text{Share holder's Funds} + 15\% \text{ long-term Debt} \\ &= 4,00,000 + 8,00,000 \\ &= 12,00,000\end{aligned}$$

$$\begin{aligned}
 \text{Return on Investment} &= \frac{\text{Profit Before Interest \& tax}}{\text{Capital Employed}} \times 100 \\
 &= \frac{4,00,000}{12,00,000} \times 100 \\
 &= 33.33 \%
 \end{aligned}$$

166 Net profit after interest but before tax 1,40,000; 15% long-term Debts 4,00,000; Shareholder's Funds 2,40,000; Tax rate 50%. Calculate Return on capital Employed.

Solution:

$$\begin{aligned}
 \text{Interest} &= 15\% \text{ of long-term Debt} \\
 &= 15 \times 4,00,000 \\
 &= 60,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Net profit before interest \& tax} &= \text{Net profit Assets interest + interest} \\
 &\hspace{15em} \text{\& Before Tax} \\
 &= 1,40,000 + 60,000 \\
 &= 2,00,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Capital Employed} &= \text{Share holder's Funds + long-term Debt} \\
 &= 2,40,000 + 4,00,000 \\
 &= 6,40,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Return on Investment} &= \frac{\text{Profit Before Interest \& tax}}{\text{Capital Employed}} \times 100 \\
 &= \frac{2,00,000}{6,40,000} \times 100 \\
 &= 31.25 \%
 \end{aligned}$$

167Y Ltd's profit after interest and tax was 1,00,000. Its current Assets were 4,00,000; current liabilities 2,00,000; Fixed Assets 6,00,000 and 10% long-term Debt 4,00,000. The rate of tax was 20% calculate 'Return on investment' of Y Ltd.

Capital Employed = Fixed Assets + Current Assets - Current Liabilities

$$= 6,00,000 + 4,00,000 - 2,00,000$$

$$= 8,00,000$$

168 Calculate Return on investment (ROI) from the following details; net profit after Tax 6,50,000 Rate of income Tax 50%; 10% Debentures of 100 each 10,00,000; Fixed Assets at cost 22,50,000; Accumulated Depreciation on fixed Assets up to date 2,50,000; Current Assets 12,00,000; Current Liabilities 4,00,000.

Solution:

Capital employed = Fixed Assets - Acc. Depreciation + Current Assets

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Current liabilities

$$= 22,50,000 - 2,50,000 + 12,00,000 - 4,00,000$$

$$= 28,00,000$$

Let profit before tax & After interest be x

Profit After interest & tax = profit before tax & after - tax interest

$$6,50,000 = x - \frac{50}{100} x$$

$$\frac{50x}{100} = 6,50,000$$

$$= \frac{6,50,000 \times 100}{50}$$

Profit before tax & after interest = 13,00,000

**Profit before tax & interest = profit before tax & after interest +
interest**

$$= 13,00,000 + \frac{10}{100} \times 10,00,000$$

$$= 13,00,000 + 1,00,000$$

$$= 14,00,000$$

$$\text{Return on Investment} = \frac{\text{Profit Before Tax \& Interest}}{\text{Capital Employed}} \times 100$$

$$= \frac{14,00,000}{28,00,000} \times 100$$

$$= 50 \%$$

**169 From the following information, calculate return on investment
(or return on capital employed):**

Particular

Share capital	5,00,000
Reserves and surplus	2,50,000
Net fixed Assets	22,50,000
Non-current Trade investment	2,50,000
Current Assets	11,00,000
10% Long-term Borrowings	20,00,000
Current Liabilities	8,50,000

Net profit before TAX: 6,00,000

Solution;

Interest = 10% of long-term Borrowings

$$= \frac{10}{100} \times 20,00,000$$

$$= 20,00,000$$

Net Profit Before interest & tax = Net profit before tax + interest

$$= 6,00,000 + 2,00,000$$

$$= 8,00,000$$

Capital employed = Share capital + Reserve & surplus + 10% long-term

provision

$$= 5,00,000 + 2,50,000 + 20,00,000 + 0$$

$$= 27,50,000$$

Return on Investment = $\frac{\text{Profit Before Tax \& Interest}}{\text{Capital Employed}} \times 100$

$$= \frac{8,00,000}{27,50,000} \times 100$$

$$= 29.09 \%$$

170 State, with reason, whether the following transactions will increase, decrease or not change the 'Return on investment' Ratio.

- I. Purchase of Machinery of 10,00,000 by issue of equity share of 10 each at par.**
- II. Charging depreciation of 25,000 on Machinery**
- III. Redemption of debentures by payment of 2,00,000**
- IV. Conversion of 9% Debentures of 1,00,000 into 10% Debentures of 100 each at par.**

171 Calculate Revenue from operations of BN Ltd. from the following information:

Goods were sold at a profit of 25% on cost.

$$6 = \frac{\text{Cost of Goods Sold}}{2,00,000}$$

Cost of Goods sold = 12,00,000

Gross profit = Revenue from operation - cost of goods sold

$$\frac{25}{100} \times 12,00,000 \text{ Revenue from operation} - 12,00,000$$

Revenue from operation = 12,00,000 + 3,00,000

$$= 15,00,000$$

172 Opening inventory 80,000; Purchase 4,30,900; Direct Expenses 4,000; closing inventory 1,60,000; Administrative Expenses 21,100; selling and distribution Expenses 40,000; Revenue form operations, i.e., Net sales 10,00,000. Calculate inventory turnover Ratio; Gross profit Ratio: and Operating Ratio.

Solution:

Case - 1

**Cost of Goods sold = Opening inventory + Purchase + Direct Expenses
- Closing inventory**

$$= 80,000 + 43,0900 + 4,000 - 1,60,000$$

$$= 3,54,900$$

Inventory Turnover Ratio = $\frac{\text{Cost of Goods Sold}}{\text{Avg.Inventory}}$

$$6 \quad = \frac{3,54,900}{\frac{80,000+1,60,000}{2}}$$

$$= \frac{3,54,900 \times 2}{2,40,000}$$

$$= 2.96 \text{ times}$$

Case - 2

Gross profit = Revenue from operation - Cost of Goods sold

$$= 10,00,000 - 3,54,900$$

$$= 6,45,100$$

$$\begin{aligned}\text{Gross Profit Ratio} &= \frac{\text{Gross Profit}}{\text{Revenue from operation}} \times 100 \\ &= \frac{6,45,100}{10,00,000} \times 100 \\ &= 64.51 \%\end{aligned}$$

Case - 3

$$\begin{aligned}\text{Operating Ratio} &= \frac{\text{Cost of goods sold} + \text{Operating Expense}}{\text{Revenue from operation}} \times 100 \\ &= \frac{3,54,900 + 40,000 + 21,100}{41,00,000} \times 100 \\ &= \frac{4,16,000}{41,00,000} \times 100 \\ &= 41.6 \%\end{aligned}$$

173 Following information is given about a company:

Revenue from operation, i.e., Net sales	1,50,000
Gross Profit	30,000
Cost of Revenue form operations (Cost of goods Sold)	1,20,000
Opening inventory	29,000
Closing Inventory	31,000
Debtors	16,000

From the above information, Calculate following ratios:

- (i) Gross profit Ratio,
- (ii) Inventory turnover Ratio, and
- (iii) Trade Receivables Turnover Ratio.

Solution:

Case - 1

$$\begin{aligned}
 \text{Gross Profit Ratio} &= \frac{\text{Gross Profit}}{\text{Revenue from operatoin}} \times 100 \\
 &= \frac{30,000}{1,50,000} \times 100 \\
 &= 20 \%
 \end{aligned}$$

Case - 2

$$\begin{aligned}
 \text{Inventory Turnover Ratio} &= \frac{\text{Cost of Goods Sold}}{\text{Avg.Inventory}} \\
 6 &= \frac{1,20,000}{\frac{29,000+31,000}{2}} \\
 &= \frac{1,20,000 \times 2}{60,000} \\
 &= 4 \text{ times}
 \end{aligned}$$

Case - 3

$$\begin{aligned}
 \text{Trade receivables turnover ratio} &= \frac{\text{Net credit Sales}}{\text{Avg,trade receivables}} \\
 &= \frac{1,50,000}{16,000} \\
 &= 9.375
 \end{aligned}$$

174 From the following information, Calculate:

(i) Return on investment Ratio.

(ii) Net Assets Turnover Ratio.

Particulars	
Net profit after interest and Tax	2,40,000
Tax	1,60,000
Net Fixed Assets: Property, plant and Equipment and intangible Assets	10,00,000
Non-Current investment (Non-trade)	1,00,000
Equity share capital (Face value 10 per share)	5,00,000
15% preference share capital	1,00,000
Reserve and surplus (including surplus of the year consideration)	2,00,000
10% Debentures	4,00,000
Revenue from operations	

	24,00,000
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Interest = 10% Debenture

$$= \frac{10}{100} \times 4,00,000 = 40,000$$

Net Profit Before interest & tax = Net profit after interest & tax + tax +

interest

$$= 2,40,000 + 1,60,000 + 40,000$$

$$= 4,40,000$$

Capital Employed = Equity share capital + 15% preference share

capital + reserves & Surplus + 10%

Debentures

$$= 5,00,000 + 1,00,000 + 2,00,000 + 4,00,000$$

$$= 12,00,000$$

$$\text{Return on Investment} = \frac{\text{Profit Before Tax \& Interest}}{\text{Capital Employed}} \times 100$$

$$= \frac{4,40,000}{12,00,000} \times 100$$

$$= 36.67 \%$$

$$\text{Net Assets Turnover Ratio} = \frac{\text{Revenue from operation}}{\text{Capital Employed}}$$

$$= \frac{24,00,000}{12,00,000}$$

$$= 2 \text{ times}$$

175 From the following information obtained from the books of kamal Ltd., calculate (i) Gross profit Ratio and (ii) Net profit Ratio:

Revenue from Operation	2,50,000
Purchases	1,05,000
Carriage inwards	4,000
Salaries	30,000
Decrease in inventory	15,000
Return outwards	5,000
Wages	18,000

Solution:

Case - 1

$$\begin{aligned}\text{Cost of Goods sold} &= \text{Purchase} - \text{Return outward} + \text{wages} + \text{Carriage} \\ &\quad \text{inwards} + \text{Decrease in inventory} \\ &= 1,05,000 - 5,000 + 18,000 + 4,000 + 15,000 \\ &= 1,37,000\end{aligned}$$

$$\begin{aligned}\text{Gross Profit} &= \text{Revenue from operation} - \text{cost of Goods sold} \\ &= 2,50,000 - 1,37,000 \\ &= 1,13,000\end{aligned}$$

$$\begin{aligned}\text{Gross Profit Ratio} &= \frac{\text{Gross Profit}}{\text{Revenue from operation}} \times 100 \\ &= \frac{1,13,000}{2,50,000} \times 100\end{aligned}$$

$$= 45.20 \%$$

Case - 2

Net profit = Gross profit - salaries

$$= 11,3,000 - 30,000$$

$$= 3,000$$

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Revenue from operatoin}} \times 100$$

$$= \frac{83,000}{2,50,000} \times 100$$

$$= 33.20 \%$$

176 Calculate following ratios on the basis of the following information:

- (i) Gross profit Ratio; (ii) Current Ratio; (iii) Acid Test Ratio
(iv) Inventory Turnover Ratio.

Gross profit	50,000
Inventory	15,000
Cash and Cash Equivalents	17,500
Revenue from operations	1,00,000
Trade Receivables	27,500
Current Liabilities	40,000

Case - 1

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Revenue from operatoin}} \times 100$$

$$= \frac{50,000}{1,00,000} \times 100$$

$$= 50 \%$$

Case - 2

Current Assets = Inventory + Cash & cash Equivalents + Trade receivables

$$= 15,000 + 17,500 + 27,500$$

$$= 60,000$$

Current Ratio $= \frac{\text{Current Assets}}{\text{Current Liabilities}}$

$$= \frac{60,000}{40,000} \times 100$$

$$= 1.5:1$$

Case - 3

Quick Assets = Current Assets - Inventory

$$= 60,000 - 15,000$$

$$= 45,000$$

Quick Ratio $= \frac{\text{Quick Assets}}{\text{Current Assets}}$

$$= \frac{45,000}{40,000} \times 100$$

$$= 1.125:1$$

Case - 4

Cost of goods sold = Revenue from operations - Gross profit

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

$$= 50,000$$

$$\begin{aligned}\text{Inventory Turnover Ratio} &= \frac{\text{Cost of Goods Sold}}{\text{Avg.Inventory}} \\ &= \frac{50,000 \times 2}{15,000} \\ &= 3.33 \text{ times}\end{aligned}$$

177 Calculate following ratios on the basis of the given information:

- (i) Current Ratio; (ii) Acid Test Ratio; (iii) Operating Ratio; and
(iv) Gross profit Ratio.

Current Assets	3,50,000
Current Liabilities	1,75,000
Inventor	1,50,000
Revenue from operations (sales)	6,00,000
Operating Expenses	2,00,000
Cost of Revenue from operations	3,00,000

Solution:

$$\begin{aligned}\text{Current Ratio} &= \frac{\text{Current Assets}}{\text{Current Liabilities}} \\ &= \frac{3,50,000}{1,75,000} \times 100 \\ &= 2:1\end{aligned}$$

Case - 2

$$\begin{aligned}\text{Acid Test Ratio} &= \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}} \\ &= \frac{3,50,000 - 1,50,000}{1,75,000}\end{aligned}$$

$$= \frac{2,00,000}{1,75,000}$$

$$= 1.4:1$$

Case - 3

$$\text{Operating Ratio} = \frac{\text{Cost of goods sold} + \text{Operating Expense}}{\text{Revenue from operation}} \times 100$$

$$= \frac{3,00,000 + 2,00,000}{5,00,000} \times 100$$

$$= \frac{5,00,000}{6,00,000} \times 100$$

$$= 83.33 \%$$

Case - 4

$$\text{Gross Profit} = \text{Revenue from operation} - \text{cost of revenue from operation}$$

$$= 6,00,000 - 3,00,000$$

$$= 3,00,000$$

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Revenue from operation}} \times 100$$

$$= \frac{3,00,000}{6,00,000} \times 100$$

$$= 50 \%$$

178 From the information given below, calculate any three of the following ratios:

(i) Gross profit Ratio:

(ii) Working capital Turnover Ratio;

(iii) Debt to Equity Ratio

(iv) Proprietary Ratio

Revenue from operations (Net sales)

5,00,000

Cost of Revenue operations (cost of goods sold)

3,00,000

Current Assets

2,00,000

Current Liabilities

1,40,000

Paid-up share capital

2,50,000

13% Debentures

1,00,000

Case - 1

Gross Profit = Revenue from operation - cost of revenue from operation

$$= 5,00,000 - 3,00,000$$

$$= 2,00,000$$

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Revenue from operation}} \times 100$$

$$= 40 \%$$

Case - 2

Working Capital = Current Assets - Current Liabilities

$$= 2,00,000 - 1,40,000$$

$$= 60,000$$

$$\text{Working capital Ratio} = \frac{5,00,000}{60,000}$$

$$= 8.33 \text{ times}$$

Case - 3

$$\text{Debt to Equity Ratio} = \frac{\text{Debt}}{\text{Equity}}$$

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

$$= 0.4:1$$

Case - 4

Total Assets = paid-up share capital + 13% Debentures + Current

Liabilities

$$= 2,50,000 + 1,00,000 + 1,40,000$$

$$= 4,90,000$$

$$\text{Property Ratio} = \frac{\text{Share holders funds}}{\text{Total Assets}}$$

$$= \frac{2,50,000}{4,90,000}$$

$$= 51:1$$

179 On the basis of the following information, calculate

(i) Debt to Equity Ratio; (ii) Working capital Turnover Ratio.

Information:

Revenue from operations: (a) Cash sales	40,00,000
(b) Credit sales	20,00,000
Cost of Goods sold	35,00,000

Other current Assets	8,00,000
Current Liabilities	4,00,000
Paid-up share capital	17,00,000
6% Debentures	3,00,000
9% Loan from Bank	7,00,000
Debentures Redemption Reserve	3,00,000
Closing Inventory	1,00,000

Case - 1

Debt - 6% Debentures + 9% loan from Bank

$$= 3,00,000 + 7,00,000$$

$$= 10,00,000$$

Equity = paid-up capital + Debentures Redemption Reserve

$$= 17,00,000 + 3,00,000$$

$$= 20,00,000$$

$$\text{Debt to Equity Ratio} = \frac{\text{Debt}}{\text{Equity}}$$

$$= \frac{10,00,000}{20,00,000}$$

$$= 0.5:1$$

Case - 2

Revenue from operation = Cash sales + Credit sales

$$= 40,00,000 + 20,00,000$$

$$= 60,00,000$$

Current Assets = other current Assets + closing inventory

$$= 8,00,000 + 1,00,000$$

$$= 9,00,000$$

Working Capital = Current Assets - Current Liabilities

$$= 9,00,000 - 4,00,000$$

$$= 5,00,000$$

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

$$= \frac{60,00,000}{5,00,000}$$

$$= 12 \text{ times}$$

180 From the following, calculate (a) Debt to equity ratio; (b) Total Assets to debt Ratio; and (c) proprietary Ratio:

Equity share capital	75,000
preference share capital	25,000
General Reserve	45,000
Balance in statements of profit & loss	30,000
Debentures	75,000
Trade payables	40,000
Outstanding Expense	10,000

Solution:

Case - 1

$$\begin{aligned}
 \text{Equity} &= \text{Equity share capital} + \text{preference share capital} + \text{General Reserve} + \text{Balance in statement of profit \& loss} \\
 &= 75,000 + 25,000 + 45,000 + 30,000 \\
 &= 1,75,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Debt to Equity Ratio} &= \frac{\text{Debt}}{\text{Equity}} \\
 &= \frac{75,000}{1,75,000} \\
 &= 0.43:1
 \end{aligned}$$

Case - 2

$$\begin{aligned}
 \text{Total Assets to Debt Ratio} &= \frac{\text{Total Assets}}{\text{Debt}} \\
 &= \frac{3,00,000}{75,000} \\
 &= 4:1
 \end{aligned}$$

Case - 3

$$\begin{aligned}
 \text{Property Ratio} &= \frac{\text{Share holders funds}}{\text{Total Assets}} \\
 &= \frac{1,75,000}{3,00,000} \\
 &= 0.58:1
 \end{aligned}$$

181 From the following information related to Naveen Ltd., calculate
(a) Return on investment and (b) Total Assets to Debt Ratio:

Information: Fixed Assets 75,00,000; Current Assets 40,00,000;
Current liabilities 27,00,000; 12% Debenture 80,00,000 and Net
profit before interest, Tax and Dividend 14,50,000.

Solution:

$$\begin{aligned}
 \text{Capital Employed} &= \text{Fixed Assets} + \text{Current Assets} - \text{Current Liabilities} \\
 &= 75,00,000 + 40,00,000 + 27,00,000 \\
 &= 88,00,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Return on Investment} &= \frac{\text{Profit Before Int. Tax \& Dividend}}{\text{Capital Employed}} \times 100 \\
 &= \frac{14,50,000}{88,00,000} \times 100 \\
 &= 16.48 \%
 \end{aligned}$$

Case - 2

$$\begin{aligned}
 \text{Total Assets} &= \text{Fixed Assets} + \text{Current Assets} \\
 &= 75,00,000 + 40,00,000 \\
 &= 11,50,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Debt} &= 12\% \text{ Debentures} \\
 &= 80,00,000
 \end{aligned}$$

$$\begin{aligned}
 \text{Total Assets To Debt Ratio} &= \frac{\text{Total Assets}}{\text{Debt}} \\
 &= \frac{11,50,000}{80,00,000} \\
 &= 1.44:1
 \end{aligned}$$

182 From the following information, calculate:

- i. Gross Profit Ratio;
- ii. Working capital Turnover Ratio; and
- iii. Property Ratio

Particular	Amount	particular	Amount
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Paid-up Capital	8,00,000	Current Assets	5,00,000
Credit sales	3,00,000	Current Liabilities	2,90,000
9% Debentures	3,40,000	Cash sales: 75% of Credit sales	
Cost of Goods sold	6,80,000	Net profit for the year	1,55,000

Solution:

Case - 1

Revenue from operation = cash sales + credit sales

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

$$= 2,25,000 + 3,00,000$$

$$= 5,25,000$$

Gross profit = Revenue from operation - cost of goods sold

$$= 5,25,000 - 6,80,000$$

$$= - 1,55,000$$

$$\text{Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Revenue from operation}} \times 100$$

$$= \frac{- 1,55,000}{5,25,000} \times 100$$

$$= - 29.52 \%$$

Case - 2

Working capital = Current Assets - Current Liabilities

$$= 5,00,000 - 2,90,000$$

$$= 2,10,000$$

Revenue from operation = 5,25,000

$$\begin{aligned}\text{Working capital Turnover Ratio} &= \frac{\text{Turnover from operation}}{\text{working capital}} \\ &= \frac{5,25,000}{2,10,000} \\ &= 2.5 \text{ times}\end{aligned}$$

Case - 3

Proprietors Funds = Paid up capital + Net Profit for the year

$$= 8,00,000 + 1,55,000$$

$$= 9,55,000$$

Total Assets = Paid-up Capital + Net Profit for the year + 9%
Debentures + Current Liabilities

$$= 8,00,000 + 1,55,000 + 3,40,000 + 2,90,000$$

$$= 15,85,000$$

$$\text{Property Ratio} = \frac{\text{Property funds}}{\text{Total Assets}}$$

$$= \frac{9,55,000}{15,85,000} \times 100$$

$$= 60.25 \%$$

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