

**National Institute of Open Schooling (NIOS)**  
**Senior Secondary**  
**Worksheet-32**

**L-32 ACCOUNTING RATIOS-1**

1. Write a detailed note on meaning and classification of Ratio.
2. Ratios are regarded as a test of earning capacity, financial soundness and operating efficiency of a business organisation. Write the objectives and advantage of ratio analysis.
3. What are Activity Ratios? Write a detailed description about types of Activity Ratios?
4. Calculate inventory turnover ratio from the following information:

- Opening inventory    ₹ 45000
- Closing inventory    ₹ 55000
- Net Purchases       ₹ 160000

5. From the following information calculate opening inventory and closing inventory:

- Revenue from operations (sales) during the year = ₹ 2,00,000
- Gross profit on sales = 50%
- Inventory turnover ratio = 4 times

If closing inventory was ₹ 10,000 more than the opening inventory what will be the amount for the opening inventory and closing inventory?

6. Explain the significance of trade receivable turnover ratio and liquid ratio.

Calculate liquidity ratios from the following information :

Total current assets	₹	90,000
Stock (included in current assets)	₹	30,000

Prepaid expenses	₹	3,000
Current liabilities	₹	60,000

7. Given : Current ratio 5 : 2  
Liquidity ratio 3 : 2 working  
capital ₹60,000

Calculate: (a) current liabilities (b) current assets (c) Liquid assets (d) Stock

8. RNM Ltd. supplies you following information regarding the year ending 31st, December 2020.

Cash sales	₹ 80,000
Credit sales	₹ 2,00,000
Return inward	₹ 10,000
Opening inventory	₹ 25,000
Closing inventory	₹ 30,000

Gross profit ratio is 25%. Calculate inventory turnover ratio.

9. Explain the following terms:

- Current Ratio
- Liquid Ratio
- Liquid Assets
- Current Liabilities Current Liabilities
- Inventory
- Prepaid expenses

- 10 Explain the significance of the following ratios.

- Current ratio
- Trade Payables turnover ratio
- Inventory turnover ratio