THE GURUKUL INSTITUTE

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CLASS XII, ACCOUNTS UT -1

1. Following is the Balance Sheet of Sita Ram Ltd. As on 31st March, 1994: -

	Rs.		Rs
Equity Share capital	2,00,000	Goodwill	40,000
(20,000 shares of Rs. 10 each)		Plant and machinery	1,60,000
General reserve	50,000	Investments	80,000
Profit & loss A/c	1,00,000	Stock	70,000
15% Debentures	50,000	Debtors	80,000
Creditors	30,000	Bills receivable	10,000
Bills payable	16,000	Cash at bank	10,000
Outstanding Expenses	4,000	Marketable securities	25,000
Provision for taxation	10,000	Prepaid expenses	5,000
Proposed Dividends	20,000		
	4,80,000		4,80,000

Calculate Current ratio.

2. Following is the Balance Sheet of Y Ltd. as on 31st March, 1994: -

	Rs.		Rs.
Equal share Capital	1,50,000	Plant	1,00,000
12% Preference Share capital	50,000	Loose Tools	25,000
Capital Reserve	90,000	Furniture	20,000
Reserve	40,000	Closing Stock	2,50,000
15% Public Debts	70,000	Debtors 1,25,000	
18% Bank loan	80,000	Less: provision 5,000	1,20,000
Taxation : Current	20,000	Bills Receivable	10,000
Future	10,000	Investments (short term)	30,000
Trade Creditors	80,000	Payment in Advance	20,000
Bank Overdraft	30,000	Cash	50,000
Bills payable	20,000	Share Issue Expenses	15,000
	6,40,000		6,40,000

Calculate the Current ratio and Quick ratio. What Conclusions do you draw from these ratios?

3. Calculate Current Ratio and Quick Ratio from the following. Also give your opinion about the short term financial position of the company: -

	Rs.
Cash	10,000
Sundry debtors	71,000
Short Term Investments	20,000
Long Term Investments	40,000
Closing Stock	1,40,000
Prepaid Expenses	9,000
Plant and machinery	2,00,000
Loose Tools	50,000
Sundry Creditors	1,00,000
Provision for taxation	25,000
Outstanding Expenses	5,000
Profit and loss A/c	80,000

4. A) Current Ratio of a Company is 2 : 1. Which of the following suggestions would improve the ratio, which would reduce it and which would not change it?
   I. Purchase of goods on credit.
   II. Purchase of goods for Cash.
   III. Sale of goods Costing Rs. 50,000 for Rs. 60,000 credit.
   IV. To sell a fixed asset at a slight loss.
   V. To borrow money on a promissory note (B/P).
   VI. To give promissory note to a Creditor.

   B) The current ratio of a company is 2.5 : 1 . Which of the following suggestions would improve, reduce and not change it:
   I. Payment to trade creditors.
   II. Sell machinery for cash.
   III. Sale of stock – in – trade at loss on credit.
   IV. Cash collected from debtors.
   V. B/R dishonored.
   VI. Issue of shares.
   VII. Issue of shares suggest the purchase of a building
   VIII. Redemption (Repayment) of Debentures.
5. Assuming that the current ratio is 1.5 : 1, state giving reasons, which of the following transactions would (i) improve (ii) reduce (iii) not alter the current ratio: -
   i. Realization of current assets.
   ii. Payment of current liabilities.
   iii. B/R dishonored.
   iv. Sale of goods at par.
   v. Sale of goods at profit.
   vi. Sale of goods at loss.
   vii. Purchase of goods for cash.
   viii. Purchase of goods on Credit.
   ix. Sale of furniture for cash
   x. Sale of machinery on a credit of 5 months
   xi. Sale of land on long- term deferred payment basis.
   xii. Purchase of motor car for cash
   xiii. Purchase of a building on a credit of 4 months
   xiv. Purchase of a plot of land on long term deferred payment basis.
   xv. Repayment of long – term loan which was availed from a bank.
   xvi. Issues of shares for cash.
6. Calculate Current Ratio from the following:
   Working capital Rs. 1, 92,000; Long term Debt Rs. 80,000 and total Debt Rs. 2, 00,000.
7. Calculate Current ratio from the following:
   Working Capital Rs. 4,80,000; Creditors Rs. 1, 70,000; Bills payable Rs. 30,000 and Bank Overdraft Rs. 40,000.
8. Calculate Current Ratio from the following:
   Working Capital Rs. 4, 80,000; Current Assets Rs. 6, 00, 000; Stock Rs. 4, 00,000 and Debtors Rs. 1, 50,000
9. a) A firm had current assets of Rs. 4, 10,000. It then paid creditors of Rs. 50,000. After this payment, the current ratio was 2.4: 1. Ascertain the amount of Current Liabilities and working Capital after the payment.
   b) A firm had current assets of Rs. 7, 20,000. It then purchased goods for Rs. 30,000 on credit. After this purchase, the current ratio was 3: 1. Ascertain the amount of Current Liabilities and Working Capital after the purchase.

10. a) Current Ratio 2 : 1, Quick Ratio 1.5: 1, Current liabilities Rs. 1, 60,000. Calculate Current Assets, Quick Assets and stock.
    b) Current Ratio 2.5: 1, Quick ratio 8: 1, Current Assets Rs. 2, 00,000. Calculate Current Assets, Quick Assets and Stock.
    c) Working Capital Rs. 5, 40,000; Current Ratio 2.8: 1; Stock Rs. 3, 30,000. Calculate Current Assets, Current Liabilities, Quick Assets and Stock.
11. A business has a Current Ratio of 4:1 and a quick Ratio of 1.2 : 1. If the Working Capital is Rs. 1, 80,000, calculate the total Current Assets and stock.
12. Current ratio 2.4; Current Assets Rs. 1, 81, 10,400; Inventories Rs79, 23, 300. Calculate the Liquid Ratio.
13. Quick Ratio 1.5; Current Assets Rs. 1, 00,000; Current liabilities Rs. 40,000. Calculate the value of stock.
14. A Company's stock is Rs. 2, 00,000. Total liquid assets are Rs. 8, 00,000 and quick ratio is 2: 1. Calculate the current ratio.
15. A firm has a Current Ratio of 4.5: 1 and quick ratio of 3:1. If its inventory (stock) is Rs. 72,000, find out its total current assets and total current liabilities.
16. a) Current Assets Rs. 85, 000; Stock Rs. 22,000; Prepaid Expenses Rs. 3, 000; Working Capital Rs. 45,000. Calculate Quick ratio.
    b) Quick Assets Rs. 90,000; Stock Rs. 1, 08, 000; Prepaid Expenses Rs. 2,000; Working Capital Rs. 1, 50, 000. Calculate Current ratio.
17. Working Capital Rs. 4, 80, 000; Total Debt Rs. 16, 00, 000; Long Term Debt Rs.10, 00, 000; Stock Rs. 3, 40,000; Prepaid Insurance Rs. 20, 000. Calculate liquid ratio.
18. The ratio of Current Assets (Rs. 32, 00,000) to Current Liabilities (Rs. 20, 00,000) is 1.6: 1. The Accountant of the firm is interested in maintaining a Current ratio of 2: 1, by paying off a part of the Current Liabilities. Compute the amount of the current Liabilities that should be paid, so that the Current Ratio at the level 2: 1 may be maintained.
19. The ratio of Current Assets (Rs. 5, 00,000) to Current Liabilities is 2.5:1. The Accountant of the firm is interested in maintain a Current Ratio of 2:1 by acquiring some Current Assets on Credit. You are required to suggest him the amount of Current Asset which must be acquired for this purpose.