Profititability Ratio —

(i) Gross Profit Ratio $= \dfrac{\text{Gross Profit}}{\text{Net Revenue}} \times 100$

Gross Profit = Net Revenue — COGS

Net Revenue = Total Revenue — Sales Return

(ii) Net profit Ratio $= \dfrac{\text{Net profit}}{\text{Net Revenue}} \times 100$

Net profit = Gross profit — Indirect Expenses + Indirect Income classmate

Date

Page

(iii) $\text{operating Ratio} = \frac{\text{operating Cost}}{\text{Net Revenue}} \times 100$

operating Cost = COGS + Indirect Expenses

(10) (i) $\text{Current Ratio} = \frac{35000}{17500} = \frac{2}{1}$

(ii) $\text{Liquid Ratio} = \frac{CA - \text{Inventories}}{CL - BOD}$

$= \frac{35000 - 15000}{17500 - 0}$

$= \frac{20000}{17500} = \frac{8}{7}$

(iii) operating ~~Ratio~~ Cost = COGS (Cost of Revenue) + Indirect Exp (operating Exp)

$= 30,000 + 20,000$

$= 50,000$

$\text{operating Ratio} = \frac{\text{operating Cost}}{\text{Net Revenue from operation}}$

$= \frac{50,000}{60,000} \times 100$

$= 83.33\%$

(iv) Gross profit = Revenue FO — Cost of RFO

$= 60,000 - 30,000$

$= 30,000$

$\text{Gross profit Ratio} = \frac{\text{Gross Profit}}{RFO} \times 100$

$= \frac{30,000}{60,000} \times 100$

$= 50\%$

(11) Trade Receivable T/O Ratio = $\dfrac{\text{Credit Revenue}}{\text{Avg Trade Receivable}}$

Credit Revenue = Total Revenue − Cash Revenue − Sales Return

Avg. trade Receivable = $\dfrac{\text{opening T/R} + \text{closing T/R}}{2}$

* If only revenue is mentioned, we will assume as credit.

(12) Trade Payable T/O Ratio = $\dfrac{\text{Credit Purchase}}{\text{Avg. trade Payable}}$

Credit Purchase = Total Purchase − Return − Cash purchase

Avg. trade Payable = $\dfrac{\text{opening T/P} + \text{closing T/P}}{2}$