

Revenue from Operations = Rs. 10,00,000

Gross profit = 20% of Revenue from Operations

= 20% x Rs. 10,00,000

= Rs. 2,00,000

Cost of Revenue from Operations = Revenue from Operations – Gross Profit

= 10,00,000 - 2,00,000

= Rs. 8,00,000

Now, Inventory Turnover Ratio = 4 times

Inventory Turnover Ratio = Cost of Revenue from Operations

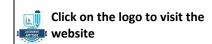
Average Inventory

 $4 = \frac{8,00,000}{\text{Average Inventory}}$ 

Average Inventory = Rs. 2,00,000

Average Inventory =  $\frac{\text{(Opening Inventory + Closing Inventory)}}{2}$ 

 $2 \times 2,00,000$  =  $\frac{1}{4} \times \text{Closing Inventory} + \text{Closing Inventory}$ 



## Session 2022-23 Main Zone-5, Set-1

Q-33\*



$$4,00,000 = \frac{5}{4} \times \text{Closing Inventory}$$

Closing Inventory = Rs. 3,20,000

Opening Inventory =  $\frac{1}{4} \times 3,20,000$ 

Rs. 80,000

