

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 =  $\frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$

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

Average Inventory = Rs. 2,00,000

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

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



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

Q-33\*



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

$$\text{Closing Inventory} = \text{Rs. } 3,20,000$$

$$\begin{aligned} \text{Opening Inventory} &= \frac{1}{4} \times 3,20,000 \\ &= \text{Rs. } 80,000 \end{aligned}$$

