

Creditors Turnover Ratio (CTR)

Formula :-

$$\text{CTR} = \frac{\text{Net Credit Purchase}}{\text{Average creditors or Average Bills Payable}}$$

where,

$$\text{Average Creditors} = \frac{\text{opening creditors} + \text{closing creditors}}{2}$$

(or)

$$\frac{\text{opening B/P} + \text{closing B/P}}{2}$$

Q:- Calculate creditors turnover Ratio :-

Credit Purchases	₹ 12,00,000
creditors + B/P on 1.1.2011	₹ 4,00,000
creditors + B/P on 31.12.2011	₹ 2,00,000

Soln

$$\text{Average creditors} = \frac{\text{opening creditors / B/P} + \text{closing creditors / B/P}}{2}$$

$$= \frac{4,00,000 + 2,00,000}{2}$$

$$= \frac{6,00,000}{2}$$

$$= ₹ 3,00,000$$

$$\text{CTR} = \frac{\text{Net credit purchase}}{\text{Avg. creditors}}$$

$$= \frac{12,00,000}{3,00,000}$$

$$= 4 \text{ times}$$

Q:- Find out Payable turnover Ratio.

	<u>2009</u>	<u>2010</u>
Net credit Purchases	16,00,000	21,00,000
Payables	4,00,000	6,00,000

Solⁿ

2009

$$\begin{aligned} \text{CTR} &= \frac{16,00,000}{4,00,000} \\ &= 4 \text{ times} \end{aligned}$$

2010

$$\begin{aligned} \text{CTR} &= \frac{21,00,000}{6,00,000} \\ &= 3.5 \text{ times} . \end{aligned}$$

Aliter Note :- In this question, ~~Average~~
Payables = Average payables.

Month	2018
Mon	30
Tue	2
Wed	9
Thu	16
Fri	23
Sat	3
Sun	10
Mon	17
Tue	24
Wed	4
Thu	11
Fri	18
Sat	25
Sun	5
Mon	12
Tue	19
Wed	26
Thu	6
Fri	13
Sat	20
Sun	27