ASSIGNMENT-3

Balance sheet.

Particular	RS.
Assets.	
Depreciation value of Long term Asset.	800
Investment	100.
current Asset	
Account Receivable.	300
Inventory	200
Cash & Bank Balance.	100.
Total.	1500.
Liabilities	
Shareholder's equity.	
capital	100
Reserves & surplus	400
Loans	500
current liabilities	
Account payable	
short term loans	400
	100.
Total.	1500

Profit & Loss Account.

Particular	RS.
Sales.	1000
Less: cost.	
Manufacturing	300
Administrative.	100

Sales & Distribution	200
EBITDA or operating profit	400.
Less:	
Depreciation	60
Interest	60
Taxes.	120.
Net profit	160

~~EBITDA~~ 400 - 60

EBIT 340

Profitability Ratio.

$$\text{operating profit margin} = \frac{EBITDA}{Sales}$$

$$= \frac{400}{1000} = 40\%$$

$$\text{Net profit Margin} = \frac{\text{Net profit}}{\text{sales.}}$$

$$= \frac{160}{1000} = 16\%$$

Return Ratio

$$\text{Return on capital Employed (ROCE)} = \frac{EBIT}{(\text{Shareholders funds} + \text{loan})}$$

NP = 160
I = 60
220

cap - 100
R&S + 400
500
loan 500
sh loan 100
1100

$$= \frac{340}{1100}$$

$$= 30.90$$

$$\text{Return on long term Assets} = \frac{EBIT}{\text{Long term Assets.}}$$

cap

$$= \frac{340}{800}$$

$$= 42.5$$

Return on Net worth (RONW) = $\frac{\text{Net profit}}{\text{(Share capital + Reserves)}}$

$= \frac{160}{500}$

$= 32\%$

Coverage Ratio.

Interest coverage Ratio = $\frac{\text{EBIT}}{\text{Interest}}$

$= \frac{340}{60} = 5.66$

Debt service coverage Ratio = $\frac{\text{(EBITDA - Current Tax)}}{\text{(Debt Repayment + Interest)}}$

Net Debt to EBITDA = $\frac{\text{(Debt - cash and cash equivalents)}}{\text{EBITDA}}$

$= \frac{500}{400}$

$= 1.25$

Debt Equity Ratio.

Long term Debt / Equity = $\frac{\text{Long term Debt}}{\text{Equity}}$

$= \frac{500}{500}$

$= 1$

Debt Equit = $\frac{\text{Total debt}}{\text{Equity}}$

$$= \frac{600}{500}$$

$$= 1.2$$

Liquidity Ratio.

current Ratio $= \dfrac{\text{current Asset}}{\text{current liabilities}}$

$$= \frac{600}{500}$$

$$= 1.2$$

Quick Ratio $= \dfrac{\text{(cash + Receivables)}}{\text{current liabilities}}$

$$= \frac{400}{500}$$

CA − inven
600 − 200

$$= 0.8$$

Dupont analysis

$$= \frac{\text{Net profit}}{\text{sales}} \times \frac{\text{Sales}}{\text{Asset}} \times \frac{\text{Asset}}{\text{Equity (SHF)}}$$

$$= \frac{160}{1000} \times \frac{1000}{1500} \times \frac{1500}{500}$$

$$= 32\%$$