Assignment - 3

Balance sheet

Particular	RS
Assets	
Depreciation value of long term assets	800
Investment	100
current Assets	
Account receivable	300
Inventory	200
cash & Bank Balance	100
Total	1,500
liablities	
shareholder's equity	100
capital	400
Reserves & surplus loans	500
Current liablities	
Account Payable	400
short term loans	500
Total	1,500

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

<u>Ans</u> :-

Profitability Ratio

$$\text{operating Profit margin} = \frac{\text{EBITDA}}{\text{Sales}} \times 100$$

$$= \frac{400}{1000} \times 100$$

$$= 0.4 \times 100$$

operating Profit margin = 40%

$$\text{Net Profit margin} = \frac{\text{Net Profit}}{\text{sales}} \times 100$$

$$= \frac{160}{1,000} \times 100$$

$$= 0.16 \times 100$$

$$= 16\%$$

Return ratio

$$\text{Return of capital Equity} = \frac{EBIT}{SHF (+) \text{ loan}} \times 100$$

notes :-

SHF = share capital (+) R & S

= 100 + 400 = 500

EBIT = EBITDA (-) Interest

= 400 - 60 = 340

loan [Debit] : long term loan (+) Short term loan

= 500 + 500 = 1,000

$$= \frac{340}{500 + 600} \times 100$$

$$= \frac{340}{1,100} \times 100$$

0.309 × 100

= ~~[illegible]~~

Return of capital equity = ~~[illegible]~~ 30.9 %

$$\text{Return of long term asset} = \frac{EBIT}{LTA} \times 100$$

$$= \frac{340}{800} \times 100$$

$$= 0.425 \times 100$$

Return of long Term asset = 42.5%

$$\text{Return of Net worth} = \frac{\text{Net Profit}}{\text{SC (+) R \& S}} \times 100$$

$$= \frac{160}{100 + 400} \times 100$$

$$= \frac{160}{500} \times 100$$

$$= 0.32 \times 100$$

Return of net worth = 32 %

Covarage ratio:-

Interest coverage ratio:-

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

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

$$= 5.6$$

Net debt to EBITDA

$$= \frac{\text{Total Debt} - \text{cash and cash equalent}}{\text{EBITDA}}$$

$$= \frac{600 - 100}{400}$$

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

$$= 1.25$$

Stability Ratio

Debt equity ratio:-

$$= \frac{\text{Total Debt}}{\text{equity}}$$

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

$= 1.2$

long term Debit equity ratio:-

$$= \frac{\text{long term Debt}}{\text{equity}}$$

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

$= 1$

liquidity ratio:-

current ratio:-

$$= \frac{\text{current assets}}{\text{current liablities}}$$

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

$= 1.2$

Quick asses:-

$$= \frac{\text{current Asset - Inventory}}{\text{current liablities}}$$

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

$= 0.8$

Dupont analysis

$$= \frac{\text{Net Profit}}{\text{Sales}} \times \frac{\text{Sales}}{\text{Assets}} \times \frac{\text{Assets}}{\text{equity}}$$

$$= \frac{100}{1000} \times \frac{1000}{1500} \times \frac{1500}{500}$$

$= 32\%$