Assignment - 3

Profit & Loss Account

Particular	Rs
Sales	1000
Less: cost	
Manufacturing	300
Administrative	100
Sales & Distribution	200
EBIDA or operating Profit	400
Less:	
Depriciation	60
interest	60
Taxes	120
Net Profit	160

Ans:-

Profitability Ratio:-

Operating Profit margin $= \frac{EBIDA}{Sales} \times 100$

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

$= 0.4 \times 100$

Operating Profit margin $= 40\%$

net Profit margin $= \frac{Net\ Profit}{Sales}$

$= \frac{160}{1000} \times 100$

Net Profit margin $= 16\%$

Return Ratio:

Return of capital employed $= \frac{EBIT}{SHF (+) Loan} \times 100$

notes:-

SHF = Share capital (+) R&S

$= 100 + 400 = 500$

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

EBIT = EBIDA (-) interest

$= 400 - 60 = 340$

$= \frac{340}{1100} \times 100$

$= 0.309$

Loan = Long term Loan (+) short term Loan

Return of capital = 30.9%

$= 500 + 100 = 600$

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

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

$= 0.425 \times 100$

Return of Long term Assest = 42.5%

Return on net worth $= \frac{net\ Profit}{SC (+) R\&S} \times 100$

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

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

$= 0.32 \times 100$

Return an net worth = 32%

Coverage Ratio

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

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

Interest coverage Ratio $= 5.66$

$$\text{net Debit to EBIDA} = \frac{\text{Total Debit } (-) \text{ Cash \& Cash equivalents}}{\text{EBIDA}}$$

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

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

net Debit to EBIDA $= 1.25.$

Stability Ratio :-

$$\text{Debit Equity Ratio} = \frac{\text{Total Debit}}{\text{Equity}}$$

$$= \frac{600}{800}$$

Debit Equity Ration $= 1.2$

$$\text{Long term Debit Equity Ratio} = \frac{\text{Long term}}{\text{Equity}}$$

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

Long term Debit Equity Ratio $= 1.$

Liquidity Ratio

$$\text{Current Ratio} = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

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

Current Ratio $= 1.2$

$$\text{Quick Ratio} = \frac{\text{current Assets} - \text{Inventories}}{\text{current liabilities}}$$

$$= \frac{500 - 100}{900}$$

$$\text{Q.R} = 0.8$$

Dupont Analysis

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

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

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

$$= 32\%$$