

Assignment - 3

Balance Sheet.

Particulars	Rs.
Assets:	
Depreciation value of long asset.	800
Investment	100
Current Assets:	
Accounts Receivable	300
Inventory	200
Cash and bank balance.	100
Total	1500
Liabilities:	
Share holders equity	100
capital	400
Reserve and surplus	500.
Loans.	
Current liabilities.	
Accounts Payable.	400
Short term loans.	100
Total	1500

Particulars	Rs
Sales	1000
Less cost	
manufacturing	300
Administrative	100
Sales and distribution	200
EBITDA or operating Profit.	400
Less.	
Depreciation	60
Interest	60
Taxes	120
Net profit.	160

Ans:

Profitability Ratio

$$\text{Operating Profit Margin} = \frac{\text{EBITDA} \times 100}{\text{Sales}}$$

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

$$= 0.4 \times 100$$

$$\text{Operating Profit Margin} = 40\%$$

$$\text{Net Profit Margin} = \frac{\text{Net Profit}}{\text{Sales}} \times 100$$

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

$$= 0.16 \times 100$$

$$\text{Net Profit Margin} = 16\%$$

Return on Assets

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

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

$$= 42.5\%$$

$$= 42.5\%$$

$$\text{Return of capital employed} = \frac{\text{EBIT}}{\text{SHE} + \text{TD}}$$

$$\text{SHE} = \text{Share capital (+) R\&S} = \frac{340}{500}$$

$$= 100 + 400 = 500$$

$$\text{EBIT} = \text{EBITDA (-) Int} = \frac{340}{1800} \times 100$$

$$= 400 - 60 = 340$$

$$= 0.309 \times 100$$

$$\text{Loan} = \text{Long Term debt loan (+)}$$

$$[\text{debit}] \text{ Short term Loan.}$$

$$= 500 + 1000 = 600$$

$$\left. \begin{array}{l} \text{Return of} \\ \text{capital} \\ \text{equity} \end{array} \right\} = 30.9\%$$

$$\text{Return of net worth} = \frac{\text{Net profit}}{\text{S\&A} + \text{R\&S}} \times 100.$$

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

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

$$= 0.32 \times 100$$

$$\text{Return of net worth} = 32\%$$