

Assignment - 03

Balance Sheet

Particular

Rs

Asset:

De Preciation Value of lasty long Asset 800

Investment 100

current Asset

A/c Receivable 300

Inventory 100

Cash [Bank Balance Total 1500

Liabilities

Share holder of equity 100

Capital 400

R & S surplus 500

current liabilities

Account Payable 400

short term loans 100

1500

Profit and loss Account

Particular

Rs

Sales

1000

(-) cost

manufature

300

Administration

100

Sales / a -

200

Profit or accreting cost

400

oper tan

60

60

120

1600

Ans:

Profitability ratio:

$$\begin{aligned}\text{Operating Profit margin} &= \frac{\text{EBITDA}}{\text{Sale}} \times 100 \\ &= \frac{400}{1000} \times 100 \\ &= 0.4 \times 100\end{aligned}$$

Operating Profit margin: 40%

$$\begin{aligned}\text{net Profit margin} &= \frac{\text{net Profit}}{\text{sale}} \\ &= \frac{160}{1000} \times 100 \\ &= 0.16\end{aligned}$$

Return Ratio

$$\text{Return on capital employed} = \frac{\text{EBIT}}{\text{Sales}} \times 100$$

$$\begin{aligned}\text{Return of long term Assets} &= 0.425 \times 100 \\ &= 42.5\%\end{aligned}$$

$$\text{Return on net worth} = \frac{\text{net Profit}}{\text{Equity}}$$

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

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

$$= 32\%$$

Coverage ratio:

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

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

$$= 5.66$$

$$\text{Net debt to EBITDA} = \frac{\text{Total debt} - \text{cash \& cash equivalents}}{\text{EBITDA}}$$

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

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

$$= 1.25$$

$$\text{Net debt to EBITDA} = 1.25\%$$

Stability Ratio:

$$\text{Debt Equity ratio} = \text{Total debt/equity} \\ = 600/500$$

$$\text{Debt equity ratio} = 2$$

$$\text{long term debt equity ratio} = \text{long term debt/equity} \\ = 500/500$$

$$\text{long term debt ca ratio} = 1$$

Liquidity ratio

$$\text{current ratio} = \text{CA/CL} \\ = 600/300$$

$$\text{Current ratio} = 2$$

Quick ratio

$$= \text{Current ratio} - \text{Inventories/current}$$

$$= 500 - 100/400$$

$$= 400/500$$

$$\text{Quick ratio} = 0.8$$

Dupont Analysis

$$= \text{Net Profit/Sales} \times \text{Sales/Asset} \times \text{Asset/Equity}$$

$$= 160/1000 \times 1000/1500 \times 1500/500$$

$$= 160/500$$

$$= 32\%$$