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Management Accountancy.

B. Com Part III

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Question (A)

From the following, ascertain the debt equity ratio:

Equity share capital -	2,00,000
general Reserve -	1,60,000
general 10% debenture -	1,50,000
Current liabilities	1,00,000
Preliminary expenses -	10,000

Ans.

Debt - equity Ratio = $\frac{\text{Long term debts}}{\text{Shareholders fund}}$

Long term debts - debenture = 1,50,000
Shareholders funds = Equity share capital +
General Reserve - Preliminary expenses

$$= 2,00,000 + 1,60,000 - 10,000 = 3,50,000$$

$$\text{Debt - equity Ratio} = \frac{1,50,000}{3,50,000} = 3:7$$

or. 0.43:1 Ans.

(B) From the following information, compute 'debt-equity ratio':

Long term Borrowings	2,00,000
Long term provisions	1,00,000
Current liabilities	50,000
Non-current Assets	3,60,000
Current Assets	90,000

Ans. Debt - equity Ratio = $\frac{\text{Long term Debt}}{\text{Shareholder fund.}}$

Long term Debt = Long term Borrowings
+ Long term provisions
= 2,00,000 + 1,00,000 = 3,00,000

Shareholder fund = Non-current Assets + C.A.
(Long term Borrowings + Long term provisions +
Current liabilities)
= 3,60,000 + 90,000 - (2,00,000 + 1,00,000 +
50,000) =

= 4,50,000 - 3,50,000 = 1,00,000

Debt - equity Ratio = $\frac{3,00,000}{1,00,000} = 3:1$
Ans.

You are requested to show your work clearly. Ans.