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Management Account.
B. Com Part III

Chapter - Ratio Analysis
Numerical Exercise - (17) (18)

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Question. (1)

Calculate total Assets to debts ratio from the following:

shareholders fund	-	4,00,000
total current liabilities		9,00,000
		1,00,000

Ans.

long term debts = Total Debt - Current liabilities
 $= 9,00,000 - 1,00,000 = \text{Rs. } 8,00,000$

Total Assets = long term debts + shareholders fund + current liabilities
 $= 8,00,000 + 4,00,000 + 1,00,000 = 13,00,000$

Total Assets to debts ratio = $\frac{\text{Assets}}{\text{long term Debts}}$

$= \frac{13,00,000}{8,00,000} = \frac{13}{8} = 13:8$ Ans

Question. (2)

Calculate (i) debts equity Ratio and (ii) Property Ratio from the following data: -

Equity share capital.	8,00,000
6% Debenture -	3,00,000
Loan -	4,00,000
Current Liabilities	1,00,000
Fixed Assets.	9,00,000
Current Assets -	7,00,000

Ans. (i) debts equity Ratio = $\frac{\text{Long term Debts}}{\text{Shareholders Fund}}$

$$\begin{aligned} \text{Long term Debt} &= \text{Debenture} + \text{Loan (L.T)} \\ &= 3,00,000 + 4,00,000 = 7,00,000 \end{aligned}$$

$$\begin{aligned} \text{Shareholders fund} &= \text{Share capital} + \text{Reserve} \\ &\text{ \& surplus.} \\ &= 8,00,000 + 0 = 8,00,000 \end{aligned}$$

$$\text{debts equity Ratio} = \frac{7,00,000}{8,00,000} = .875:1$$

(ii) Property Ratio = $\frac{\text{Shareholders fund}}{\text{Total Assets}}$

$$\begin{aligned} \text{Shareholders fund} &= \text{Capital} + \text{Reserve \& surplus} \\ &= 8,00,000 + 0 = 8,00,000 \end{aligned}$$

$$\begin{aligned} \text{Total Assets} &= \text{Fixed Assets} + \text{Current Assets} \\ &= 9,00,000 + 7,00,000 = 16,00,000 \end{aligned}$$

$$\begin{aligned} \text{Property Ratio} &= \frac{8,00,000}{16,00,000} = .5:1 \\ &\text{ or } 50\% \text{ Ans.} \end{aligned}$$