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# Management Accounts

B.Com part III

Chapter Ratio Analysis Numerical  
Exercise - (57), (58) S.K. Singh

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Question: - (1)  
The following data are available in respect of Sweets Limited.

Profit before Tax (PBT) 426000

Provision for Tax - 170400

Equity share of 10 each - 500000

Dividend distributed - 125000

You are required to calculate  
(i) Earning per share and (ii) Dividend per share

Ans.

$$\text{Earning per share (EPS)} = \frac{\text{Profit After Tax}}{\text{Number of Equity Share}}$$

$$\text{Profit After Tax} = \text{Profit before Tax} -$$

$$= 426000 - 170000 = 255000$$

$$\text{No. of Equity Share} = \frac{500000}{10} = 50000$$

$$\text{EPS} = \frac{255000}{50000} = 5.11 \text{ Per share}$$

11) Calculate (1) Earning per share and Price Earning Ratio from the following data:

10% Preference share capital of 10 lakh. 5,00,000

Profit (After tax at 50%) 2,50,000

Market Price of Equity share. 30  
Equity share capital of 10 lakh. 50,00,000

Ans.  
① Profit after tax. 2,50,000  
(-) Preference dividend  
 $\frac{50,00,000 \times 10}{100} = 5,00,000$   
 $\frac{2,50,000}{20,00,000}$

Earning per share =  $\frac{\text{Net Profit after tax and Pref Dividend}}{\text{Number of equity share.}}$

$\frac{2,00,000}{50,000} = 4$  Per share.

② Price Earning Ratio =  $\frac{\text{Market Price per share}}{\text{Earning per share.}}$   
 $\frac{30}{4} = 7.5$  times Ans.