

8.9.20

Management Accounts
B.Com Part III

Chapter Ratio Analysis

Exercise - 20 Numerical
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Question

From the following, calculate (i) Proprietary Ratio and (ii) Total Assets to Debts Ratio.

Balance Sheet of Meemakshi Limited

Particulars	Note N.	Amount.
I. Equity & Liabilities:		
1. Shareholders Fund:		
(a) Share Capital		30,00,000
(b) Reserve & surplus		6,00,000
2. Non current liabilities:-		
Long term Borrowing		10,00,000
3. Current liabilities:-		
Trade payables		2,00,000
		<u>48,00,000</u>
II. Assets -		
Non current Assets:-		
Fixed Assets - Investment		26,00,000
Current Assets		12,00,000
		16,00,000
		<u>48,00,000</u>

Ans. Proprietary Ratio = $\frac{\text{Proprietary Fund}}{\text{Total Assets}}$

① Proprietary Fund = equity share capital + preference share capital + Reserve - preliminary expenses.

= 20,00,000 + 10,00,000 + 8,00,000 - 200,000 = 36,00,000

Total Assets = fixed Assets + current Assets + ^{prepaid} _{new}

= 20,00,000 + 16,00,000 + 12,00,000 = 48,00,000.

Proprietary Ratio = $\frac{36,00,000}{48,00,000} = .75 : 1$ Ans.

② $\frac{\text{Total Assets}}{\text{Total Assets to debts Ratio}} = \frac{\text{Total Assets}}{\text{Debt}}$

= $\frac{\text{Non current Assets + c. A.}}{\text{Long term Borrowing}}$

So that $\frac{20,00,000 + 12,00,000 + 16,00,000}{48,00,000} = 4.8 : 1$