

5. Additional Assignments and Tests

As a part of remedial work the students are given additional tests and assignments to reinforce the concept learnt in the class and improve performance in the university examinations.

Hall Ticket No: 0232008198



Tirumala Tirupati Devasthanams Degree & PG Colleges, Tirupati.
S.V. ARTS COLLEGE / S.P.W. COLLEGE / S.G.S. ARTS COLLEGE

Name of the Examination:

Date: 27/11/23

Name of the Student: S. Thirupal

Roll No: 221102

Class: III Group: B (comb) Medium: English

Subject: Cost Management Accounting

No. of Additional sheets used

Paper:

Q. Code:

1 Ans Solution:-

1) operating ratio = $\frac{\text{Cost of goods sold} + \text{operating Expenses}}{\text{Net Sales}} \times 100$

$$= \frac{3,50,000 + (40,000 + 60,000 + 20,000)}{8,00,000} \times 100$$

$$= \frac{4,70,000}{8,00,000} \times 100 = 58.75\%$$

2) Expenses Ratios:-

a) Administration Expense ratio = $\frac{\text{Administration Expenses}}{\text{Net sales}} \times 100$

$$= \frac{40,000}{8,00,000} \times 100 = 5\%$$

b) Selling expense ratio = $\frac{\text{Selling Expenses}}{\text{Net sales}} \times 100$

$$= \frac{60,000}{8,00,000} \times 100 = 7.5\%$$

c) Distribution expenseration = $\frac{\text{Distribution Expenses}}{\text{Net sales}} \times 100$

$$= \frac{20,000}{8,00,000} \times 100 = 2.5\%$$

d) Finance Expense ratio = $\frac{\text{Finance Expenses}}{\text{Net sales}} \times 100$

$$= \frac{30,000}{8,00,000} \times 100 = 3.75\%$$



$$3) \text{ Operating Profit Ratio} = \frac{\text{Operating Profit}}{\text{Net Sales}} \times 100$$

$$\begin{aligned} \text{Operating Profit} &= \text{Gross Profit} - \text{Operating Expenses} \\ &= 4,50,000 - [40,000 + 60,000 + 20,000] \\ &= 4,50,000 - 1,20,000 \\ &= 3,30,000 \end{aligned}$$

$$\text{Net Sales} = 8,00,000$$

$$\begin{aligned} &= \frac{3,30,000}{8,00,000} \times 100 = 41.25\% \end{aligned}$$

$$4) \text{ Gross Profit Ratio} = \frac{\text{Gross Profit}}{\text{Net Sales}} \times 100$$

$$\begin{aligned} &= \frac{4,50,000}{8,00,000} \times 100 = 56.25\% \end{aligned}$$

$$5) \text{ Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net Sales}} \times 100$$

$$\begin{aligned} &= \frac{3,00,000}{8,00,000} \times 100 = 37.5\% \end{aligned}$$

2) (i)

Particulars	RS
Profit before tax	24,46,000
(-) Tax @ 60%	14,67,000
	9,78,000
(-) Preference dividend @ 9% on RS 10 lakh	90,000
Net profit available for equity Share Holders	8,88,400

$$\text{Earnings per share} = \frac{8,88,400}{30,000} \times \text{RS } 29.61$$

ii) Book Value per Share

Particulars	RS
Net profit available for equity Shareholders	8,88,400
(-) Proposed dividend 20% on RS 30 lakh	6,00,000
Balance of Profit & Loss Account-	2,88,400
(+) Reserve in the beginning of the year Equity share Capital	30,00,000
Amount Available of Equity Shareholders	54,88,400

$$\text{Book Value per Share} = \frac{54,88,400}{30,000} = \text{RS } 182.95$$

iii) Earnings yield Ratio

$$= \frac{\text{Net profit available for equity Shareholders}}{\text{Amount Available for equity Shareholders}} \times 100$$

$$= \frac{8,88,400}{54,88,400} \times 100 = 16.19\%$$

(iv) Price Earning Ratio

$$= \frac{\text{Earning per Share}}{\text{Market Price per Share}} \times 100 = \frac{29.61}{200} \times 100 = 14.8\%$$

(v) Dividend Payment Ratio

$$= \frac{\text{Proposed dividend}}{\text{Net profit}} \times 100 = \frac{6,00,000}{8,88,400} \times 100 = 67.54\%$$

1

1) Ans

Capital Gearing Ratio:- it refers to the proportion between interest or dividend bearing funds and non fixed interest or dividend bearing funds in the total capital employed in the business. the fixed interest and dividend bearing including share holder's non-fixed and dividend can be ascertained as follows

$$= \frac{\text{funds bearing fixed interest and not dividend}}{\text{Equity share holder's funds}}$$

2) Ans

Activity ratio or Turnover Ratio

These ratio are also called performance ratings. It measure the efficiency or effectiveness with which a firm manages its assets or assets. They calculate the speed with which assets in which firms are blocked up get converted into cash flows.

1) **Stock (Inventory) Turnover Ratio:-** this ratio indicates whether investment in inventory is efficiently used or not. It therefore explains whether investments are worth in proper manner or not. The ratio is calculated as follows.

$$\text{Stock Turnover Ratio} = \frac{\text{Cost of goods sold}}{\text{Average stock}}$$

$$\text{Cost of goods sold} = \frac{\text{opening stock} + \text{purchases} + \text{direct expenses} - \text{closing stock}}{2}$$

— The end —