Q-1 Profit after tax amounted to ₹6,00,000, and tax rate was 20%. If earnings before interest and tax was ₹ 9,50,000 and debentures were amounted to ₹ 40,00,000 (assuming the only debt of the company), determine Interest Coverage Ratio. Also determine the rate of interest on debentures.

Q.2 Determine Return on Investment and Net Assets Turnover ratio from the following information:-

Profits after Tax were ₹ 6,00,000; Tax rate was 40%; 15% Debentures were of ₹20,00,000; 10% Bank Loan was ₹ 20,00,000; 12% Preference Share Capital ₹ 30,00,000; Equity Share Capital ₹ 40,00,000 ; Reserves and Surplus were ₹ 10,00,000; Sales ₹ 3,75,00,000 and Sales Return ₹ 15,00,000.

Q.3 Debt to Capital Employed ratio is 0.3:1. State whether the following transactions, will improve, decline or will have no change on the Debt to Capital Employed Ratio. Also give reasons for the same. (i) Sale of Equipments costing ₹ 10,00,000 for ₹ 9,00,000. (ii) Purchased Goods on Credit for ₹ 1,00,000 for a credit of 15 months, assuming operating cycle is of 18 months. (iii) Conversion of Debentures into Equity Shares of ₹ 2,00,000 (iv) Tax Refund of ₹ 50,000 during the year.

Q-4 Y Ltd has a current ratio of 3.5:1 and quick ratio of 2:1. If excess of current assets over quick assets represented by inventory is rs. 48,000 calculate current assets and current liabilities.

Q-5 Calculate Debt equity ratio:

 Shareholder funds Rs. 2,00,000

 Reserve and surplus Rs. 1,00,000

 Total Debt Rs. 4,00,000

 Current Liabilities Rs. 1,00,000

Q-6 The current ratio of a company is 2:1. State giving reasons which of the following transactions would improve, reduce or not change the ratio:

 a) Purchase of goods for cash rs. 6000

 b) Purchase of fixed assets for cash rs. 2,00,000

 c) sale of goods costing rs. 20,000 for rs. 23,000 on credit

 d) Issue of shares rs. 10,00,000