(7) Total Assets = Total Liabilities = 1500,000

Total Liabilities = SF + Total debt

1500,000 = SF + 1200,000

SFund = 1500,000 − 1200,000

= 300,000

Total debt = Long term debt + Current Liability

1200,000 = LTD + 600,000

Long term debt = 1200,000 − 600,000

= 600,000

debt equity Ratio = ~~Long term debt~~ / shareholder fund

= 600,000 / 300,000 = 2:1

(8) Current Assets = Liquid Assets + Inventories

= 2400,000 + 600,000

= 30,00,000

Quick Ratio = ~~Curre~~ Quick Assets / Current Liabilities

$\frac{2}{1} = \frac{2400,000}{CL}$

$CL = \frac{24L}{2} = 12L$

Current Ratio = $\frac{CA}{CL} = \frac{30L}{12L} = 2.5:1$

Formula

(1) debt to Capital Employed = Long term debt / Capital Employed

Capital Employed = Long term debt + shareholder fund

(2) Proprietary Ratio = Shareholder fund / Total Assets

(4) Total assets to debt = Total Assets / Long term debt

Activity Ratio / Turnover Ratio

① Inventories T/o Ratio = $\frac{\text{Cost of goods Sold (COGS)}}{\text{Average Inventories}}$

COGS = Total Revenue − Gross profit

(OR)

= Opening Inventories + purchase − Return + All direct Expenses − Closing Inventories

Average Inventories = $\frac{\text{opening Inv.} + \text{closing Inv.}}{2}$

⑨ COGS = Net Revenue − Gross profit

= 200,000 − 50,000

= 150,000

closing Inventories = 60,000

opening Inventories = 60000 − 20000

= 40,000

Avg Inventories = $\frac{60,000 + 40,000}{2}$

= 50,000

Inventories T/o Ratio = $\frac{150,000}{50,000}$ = 3 times