# Unit 8 - Week 6

Course outline

How to access the portal?

Pre-Requisite Assignment

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- Reading the Financial Statements of a Annual Report - 2
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- Financial Statement Analysis - 1
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- Quiz : Assignment 6
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## Assignment 6

**The due date for submitting this assignment has passed.**
**As per our records you have not submitted this assignment.**

**Due on 2019-09-11, 23:59 IST.**

1) What is authorized capital of the company? *1 point*

- Number of shares that can be issued in its lifetime
- Number of shares subscribed
- Number of shares that are issued

No, the answer is incorrect.
Score: 0

Accepted Answers:
*Number of shares that can be issued in its lifetime*

2) XYZ Ltd has an authorized capital of 500 million dollars. Company foresees a huge investment in a project which will require 780 million dollars. The company does not wish to raise any debt. Mr A, the CEO of the company asks you, whether they can go ahead with the project given the current capital structure? *1 point*

- Yes, Mr A you can go ahead with the project but before that there is a need for a special resolution to increase the authorized capital
- No, Mr A you can't go for the project as it is above the authorized capital.
- Can't decide

No, the answer is incorrect.
Score: 0

Accepted Answers:
*Yes, Mr A you can go ahead with the project but before that there is a need for a special resolution to increase the authorized capital*

3) XYZ company issued 10,000,000 shares at $ 150 each. Shares are issued in lots. Each lot contains 40 shares. Shares are oversubscribed by 3 times. Mr Arun applied for 3 lots. Company decided to allot shares in pro rata basis. How much should Mr Arun pay? *1 point*

- $ 6,000
- $ 18,000
- $ 12,000

No, the answer is incorrect.
Score: 0

Accepted Answers:
*$ 6,000*

4) What is the net worth of the company based on the details provided? *1 point*

| | |
|---|---|
| Equity share capital: | $ 45,000,000 |
| 14% Preference share capital: | $ 10,000,000 |
| Reserves and surplus: | $ 70,000,000 |
| 12% debentures: | $ 30,000,000 |
| Long term bank loan: | $ 10,000,000 |

- $ 125,000,000
- $ 115,000,000
- $ 165,000,000

No, the answer is incorrect.
Score: 0

Accepted Answers:
*$ 115,000,000*

**Use the following information to questions 5 and 6:**

The total sales (all credit) of a firm is $ 640,000. The firm has a gross profit margin of 15% and a current ratio of 2.5. The firm's current liabilities is $ 96,000. Inventories were $ 48,000and cash $ 16,000 (Assume 360 days)

5) Determine the average inventory to be carried by the firm, if an inventory turnover of 5 times is expected? *1 point*

- $ 108,000
- $ 128,000
- $ 108,800

No, the answer is incorrect.
Score: 0

Accepted Answers:
*$ 108,800*

6) What is the average collection period if the opening balance of debtors is intended to be of $ 80,000? *1 point*

- 72 days
- 92 days
- 84 days

No, the answer is incorrect.
Score: 0

Accepted Answers:
*72 days*

Answer question 7 to 10 using the following data (all figures are in INR)

| | |
|---|---|
| **Cash** | **30,000** |
| **Accounts receivable** | **2,00,000** |
| **Inventory** | **4,00,000** |
| **Net fixed assets** | **8,00,000** |
| **Total Assets** | **14,30,000** |
| **Accounts payable** | **2,30,000** |
| **Accruals** | **2,00,000** |
| **Bank Loan, short term** | **1,00,000** |
| **Long-term debt** | **3,00,000** |
| **Common stock** | **1,00,000** |
| **Retained earnings** | **5,00,000** |
| **Total Liabilities plus capital** | **14,30,000** |
| **Sales** | **40,00,000** |
| **Cost of goods sold** | **32,00,000** |
| **Net profit** | **3,00,000** |

7) What is the current ratio? *1 point*

- 1.19
- 0.84
- 1.69

No, the answer is incorrect.
Score: 0

Accepted Answers:
*1.19*

8) What is asset turnover ratio? *1 point*

- 2.80
- 1.80
- 0.35

No, the answer is incorrect.
Score: 0

Accepted Answers:
*2.80*

9) What is return on equity? *1 point*

- 0.5
- 2.0
- 1.5

No, the answer is incorrect.
Score: 0

Accepted Answers:
*0.5*

10) What is return on assets? *1 point*

- 20.97%
- 15.8%
- 12.63%

No, the answer is incorrect.
Score: 0

Accepted Answers:
*20.97%*