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**Subject: business finance**

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**Roll number: 15095**

**Problem number 1:**

**Solution:**

1. **Current Ratio:**

Current Assets

Current Liabilities

1. **Acid-Test Ratio:**

Current Assets − Inventory

Current Liabilities

1. **The Overage Collection Period:**

Net Credit Sales

Receivable

Total Days in Year

Receivable Turnover

1. **The Inventory Turnover Ratio:**

Cost of Goods sold

Average Inventories

1. **The Debt to Net Worth Ratio:**

Total Liabilities

Total Net Worth

1. **Long Term Debt to Total Capitalization Ratio:**

Long Term Debt

Total Capitalization

1. **Gross Profit Margin:**

Net sales − CGs

Net Sales

1. **Net Profit Margin:**

Net Profit

Net Sales

1. **Return On Equity:**

Net Income

Equity

**Question number 2:**

**Solution:**

**Company “A” Company “B”**

Total Assets Turnover: Total Assets Turnover:

Net sales Net sales

Total Assets Total Assets

Net Profit Margin: Net Profit Margin:

Net Profit Net Profit

Total Sales Total Sales

Earning Power: Earning Power:

**Company “C” Company “D”**

Total Assets Turnover: Total Assets Turnover:

Net sales Net sales

Total Assets Total Assets

Net Profit Margin: Net Profit Margin:

Net Profit Net Profit

Total Sales Total Sales

Earning Power: Earning Power:

**Company “E” Company “F”**

Total Assets Turnover: Total Assets Turnover:

Net sales Net sales

Total Assets Total Assets

Net Profit Margin: Net Profit Margin:

Net Profit Net Profit

Total Sales Total Sales

Earning Power: Earning Power: