Assignment 6
The due date for submitting the assignment is past. As per our rules you have not submitted this assignment.

1. What is authorized capital of the company? * 1 point
   - Number of shares that can be issued to the company.
   - Number of shares already issued.
   - Number of shares that are recorded.
   - No, the answer is INCORRECT.
   - Answer: 2,000,000
   - Number of shares that can be issued in its lifetime.
   - 10,000,000

2. XYZ has authorized capital of 50,000,000. Company issues a huge investment in a project which will require 75,000,000. The company does not want to issue any new shares. We, as the CEO of the company state you, whether they can go ahead with the project given the current capital structure?
   - Yes, the company can go ahead with the project but before that there is a need for a special resolution to increase the authorized capital
   - No, it is not possible for the company as there is a need for an authorized capital.
   - No, the answer is INCORRECT.
   - Accepted Answers: $ 100,000

3. What is the net worth of the company based on the details provided? * 1 point
   - Share capital.
   - Preference share capital.
   - Reserve and surplus.
   - Surplus allocation.
   - Long-term loan: $ 6,000,000
   - Net worth: $ 10,000,000
   - Accepted Answers: $ 10,000,000

4. What is the average collection period if the opening balance of debtors is intended to be $ 35,000? * 1 point
   - 72 days
   - 45 days
   - 90 days
   - Accepted Answers: 72 days

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

| Cash | 10,000 |
| Accounts Receivable | 2,000,000 |
| Inventories | 6,000,000 |
| Prepaid rent | 1,000,000 |
| Total Assets | 15,000,000 |
| Accounts Payable | 7,000,000 |
| Bank Loan, Short term | 1,500,000 |
| Long-term loan | 1,500,000 |
| Current liability | 9,000,000 |
| Net working capital | 6,000,000 |
| Total equity and creditors | 8,000,000 |
| Debt | 30,000,000 |
| Net profit | 1,000,000 |

7. What is the current ratio? * 1 point
   - 1.8
   - 0.6
   - 1.0
   - Accepted Answers: 1.8

8. What is asset turnover ratio? * 1 point
   - 2.0
   - 0.5
   - 1.0
   - Accepted Answers: 2.0

9. What is return on equity? * 1 point
   - 0.5
   - 1.0
   - Accepted Answers: 0.5

10. What is return on assets? * 1 point
    - 20.0%
    - 15.0%
    - 25.0%
    - Accepted Answers: 20.0%