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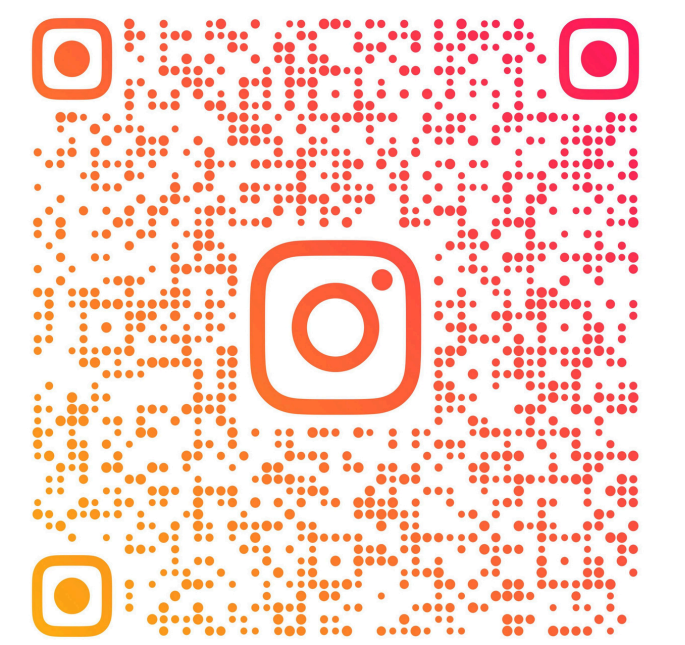


# CA ADARSH JOSHI

CA , B.COM

**FOUNDER**

- 8+ years of teaching experience in CA education
- Subject Expert in:  
CA Foundation – Paper 2: Business Laws  
CA Intermediate – Paper 2: Corporate and Other Laws
- Has uploaded over 3000+ educational videos for CA Foundation and CA Inter students
- Known for his dynamic, conceptual and “fun-and-learn” teaching style
- Guided thousands of students across India to success in CA exams
- Strong academic background with B.Com (BMCC, Pune) and ACA qualification
- Widely appreciated for his clarity, energy, and practical approach to law subjects
- Through Shikshadwar, offers comprehensive classes, books, tests, and mentorship to CA students



CAADARSHJOSHI



# CA DARSHAN JAIN

CA , CS , LLB , DISA , DIRM , B.COM

CO FOUNDER

- Chartered Accountant by profession & educator by passion
- Teaching Financial Accounting , Financial Management & Strategic Management to CA Students For 12 Years.
- Practicing Chartered Accountant For Past 13 years in The Field of Audit , Direct & Indirect Taxes & Management Consultancy
- Elected as Convenor of The Jalna CA CPE Chapter of WIRC of ICAI For 2 consecutive years 20-21 & 21-22.
- He Has Successfully Completed & Qualified Following Certificate Course Conducted By ICAI
  1. Forensic Accounting & Fraud Detection
  2. Concurrent Audit of Banks
  3. Goods & Service Tax (GST)
  4. Public Finance & Accounting
  5. Drafting & Pleading Before Authorities
  6. Wealth management & Financial Planning
  7. Artificial Intelligence



@CA\_DARSHAN\_JAIN

# CA TUSHAR TAPARIA

CA , LLB

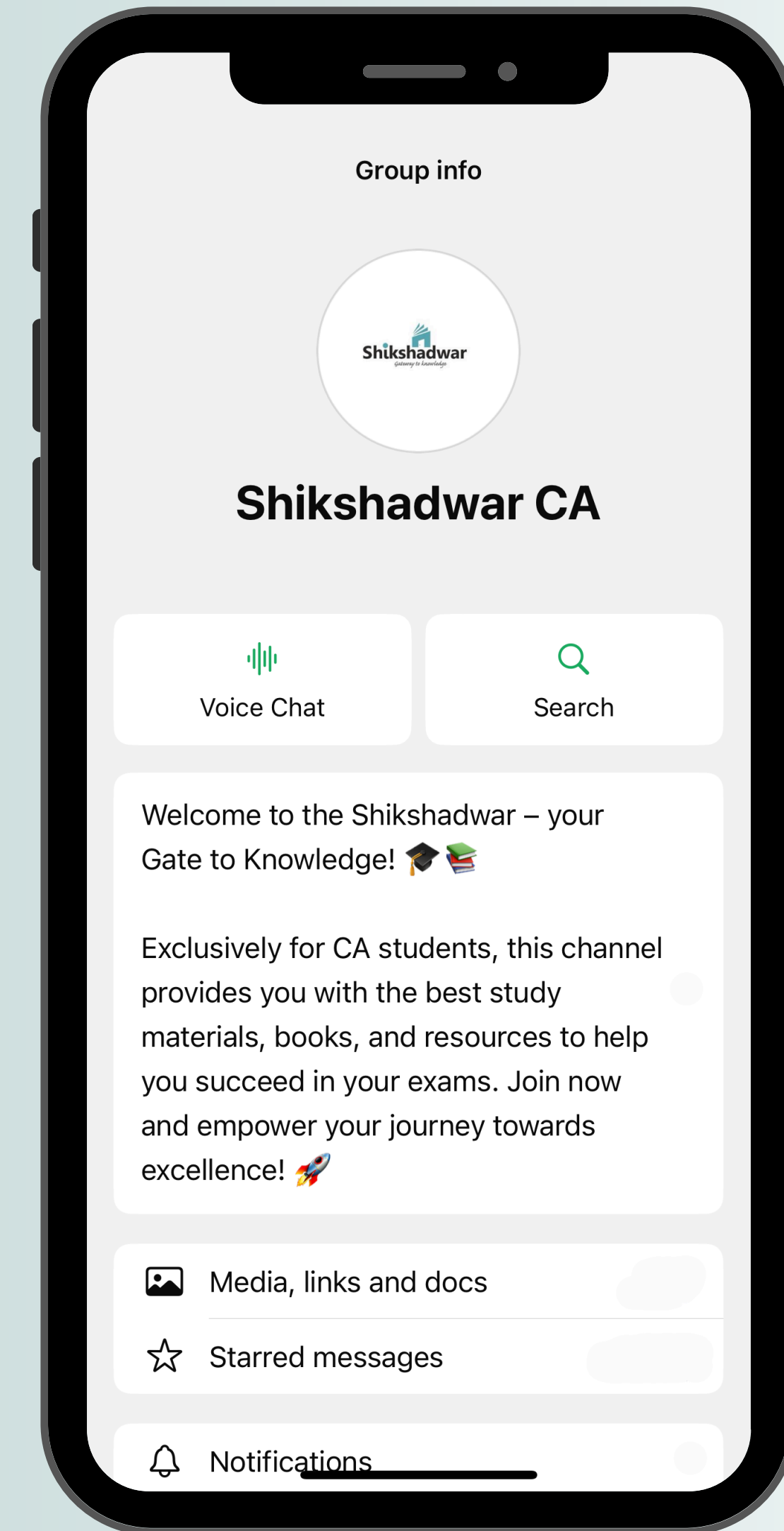
- A multi-faceted professional with a Chartered Accountancy qualification and a Bachelor's degree in Law.
- Brings 7+ years of teaching experience across CA and CS professional courses.
- Specializes in:
  - Taxation at CA Intermediate and CS Executive levels
  - Economics at CA Foundation level
- Known for simplifying complex concepts with crystal-clear explanations and practical insights.
- Expert in delivering Fasttrack batches with proven accelerated learning techniques.
- Frequently invited as a visiting faculty for Taxation at reputed coaching institutes.
- Loved by students for his interactive teaching style, real-life examples, and exam-oriented approach.



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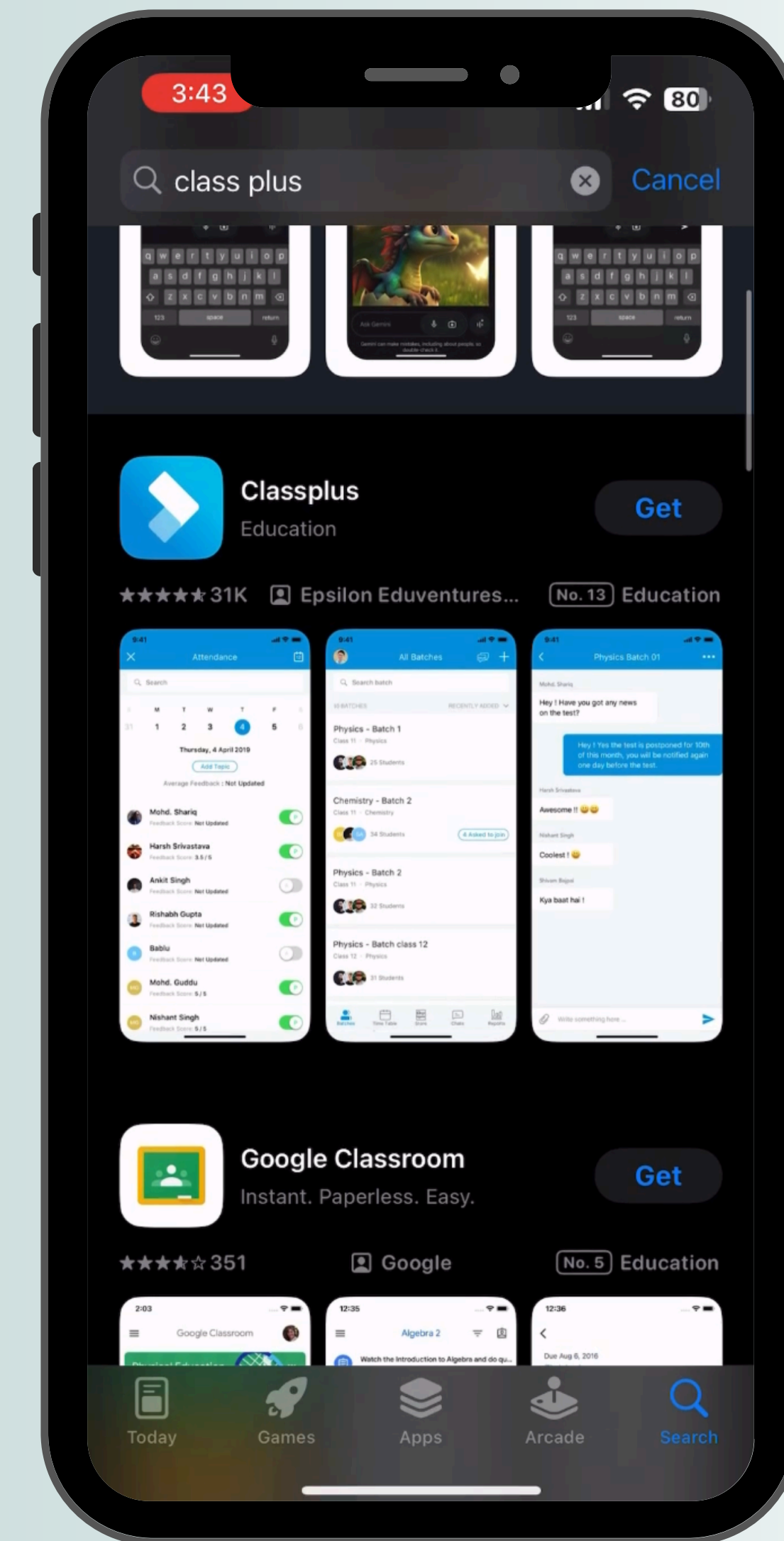
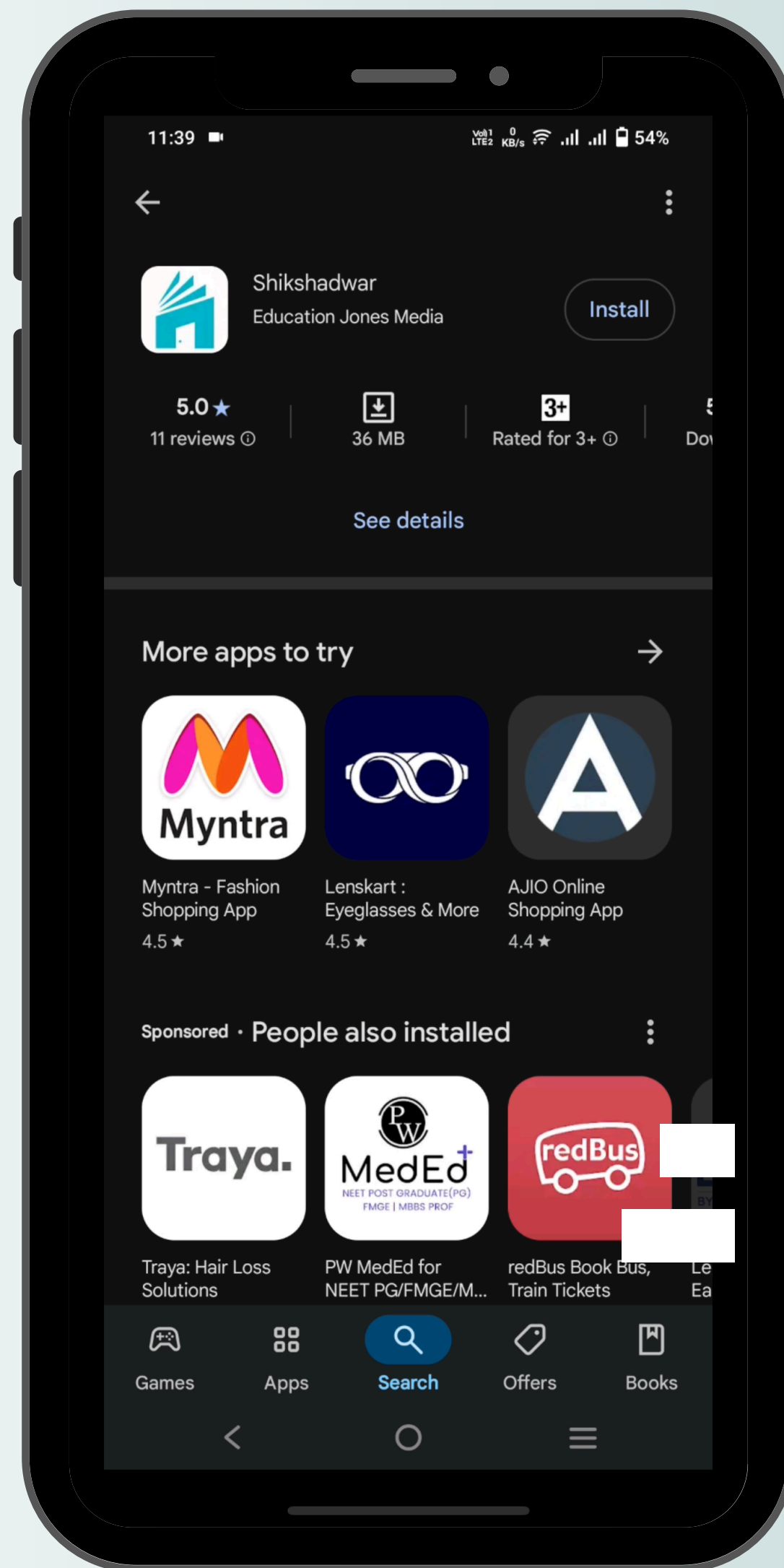
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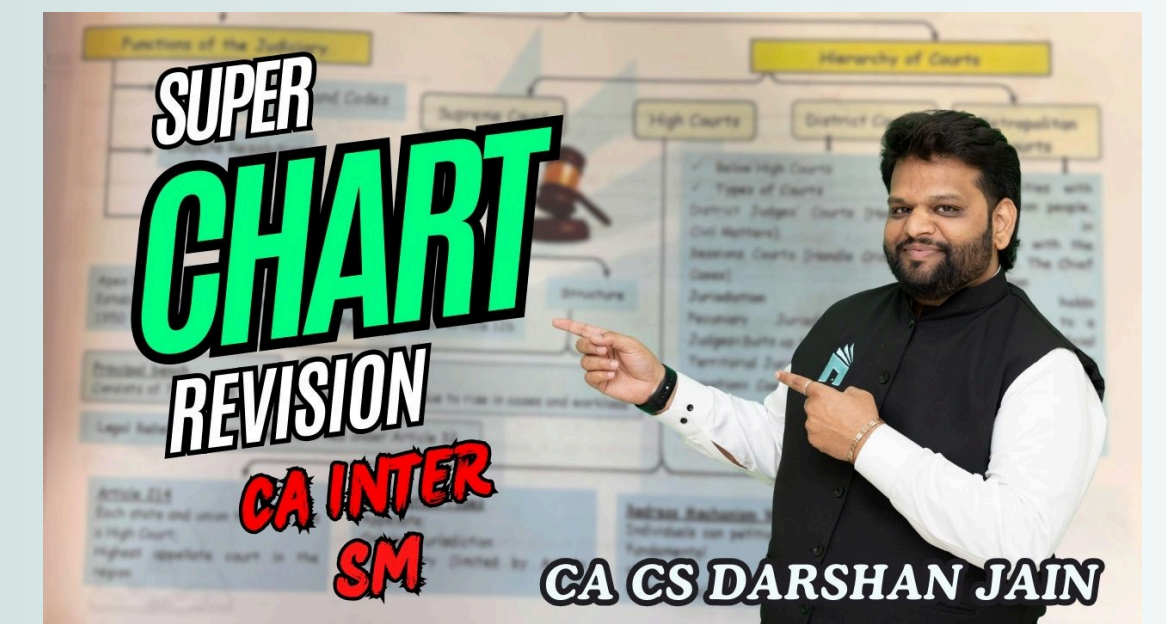
# CA INTERMEDIATE MAY 25

## Marathons Live Streams



RRR - Result Oriented Rapid Revision

Most Imp Questions



One Shot MCQ's Marathon

Super Chart Revision









Amendments Ki Pathshala

20 -20 Series

# CA INTERMEDIATE MAY 25

## Marathons Schedule With Links

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
17/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	RRR	
18/4/2025	12.00 NOON	CA TUSHAR TAPARIA	GST	RRR	
19/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	RRR	
20/4/2025	8.00 AM	CA ADARSH JOSHI	LAW	ONE SHOT MCQ MARATHON	
21/4/2025	2.00 PM	CA TUSHAR TAPARIA	GST	GST AMENDMENTS & ITS IMPORTANT QUESTIONS	
23/4/2025	8.00 AM	CA CS DARSHAN JAIN	FM	ONE SHOT MCQ MARATHON	

DATE	TIME	EDUCATOR	SUBJECT	TOPICS	YOUTUBE LINK
24/4/2025	2.00 PM	CA TUSHAR TAPARIA	DT	DT AMENDMENTS & ITS IMPORTANT QUESTIONS	
27/4/2025	8.00 AM	CA CS DARSHAN JAIN	SM	ONE SHOT MCQ MARATHON	
4/5/2025	8.00 AM	CA ADARSH JOSHI	LAW	MOST IMPORTANT QUESTIONS	
6/5/2025	3.00 PM	CA TUSHAR TAPARIA	TAXATION	20-20	
12/5/2025	8.00 AM	CA CS DARSHAN JAIN	FM	20-20	
13/5/2025	8.00 AM	CA CS DARSHAN JAIN	SM	SUPER CHART REVISION	

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**TEST PAPER**  
**ON**  
**— LEVERAGE ANALYSIS —**

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# DETAILS OF CURRENT TEST

Date – 18<sup>TH</sup> June 2024

Marks – 30 Marks

Duration – 60 Mins

Time – 2.00 PM to 8.00 PM as Per Your Convenience

A Easy  
B medium  
C Tough.

# QUESTION 1 (10 MARKS)

Following information have been provided by ABC Private Limited:

Sales	Rs. 80,00,000
Variable Cost	Rs. 46,00,000
Fixed Cost	Rs. 6,50,000
11 % Borrowed Capital	Rs. 50,00,000
Equity Capital	Rs. 45,00,000
Retained Earnings	Rs. 15,00,000

25%

}

$2750000 / 11000000$

1. What is the Firm's Return on Investment (ROI)?
2. Does it have favorable Financial Leverage?
3. If the Firm belongs to an Industry whose Asset Turnover is 3, does it have a high or low Asset Leverage?
4. If the Sales drop to Rs. 60,00,000, what will the new EBIT be?
5. At what level of Sales, will the EBT of the Firm be equal to zero?

OL / New Project  
a better.

Amount of Equity = Equity Share Capital + Reserves & Surplus.



investment  
by Equity  
shareholders.

# Profitability Statement -

Sr. No	Particulars	AmL
A	Sales	800000
B	less - variable cost	460000
C	Contribution (A-B)	340000
D	less - Fixed cost	65000
E	EBIT (C-D)	275000
F	less - Interest	55000
G	EBT	220000

1. firm's ROI

$$\text{ROI} = \frac{\text{EBIT}}{\text{Capital employed}} \times 100$$

$$\text{EBIT} = 2750000$$

$$\text{Capital employed} = \text{Equity Capital} + \text{Retained Earnings} + \text{long term loan}$$

$$2 \quad \Rightarrow 4500000 + 1500000 + 5000000$$

$$\Rightarrow 11000000$$

$$\begin{aligned} \text{RO I} &= \frac{2750000}{11000000} \times 100 \\ &= 25\% \end{aligned}$$

2. Whether firm has favourable financial leverage

As  $\text{ROCE} (25\%) > \text{Rate of Interest} (11\%)$  it can be said that firm has favourable financial leverage.

### 3. Computation of Asset leverage.

$$\text{Asset Turnover Ratio} = \frac{\text{Sales}}{\text{Total Assets}}$$

$$= \frac{8000000}{11000000}$$
$$= 0.73$$

The firm has asset leverage of only 0.73 as compared to industry's 3, thus it can be concluded that firm has low asset leverage.

4. New EBIT if sales drop to 6000000

$$OL = \frac{\text{Contribution}}{\text{EBIT}}$$

$$= \frac{3400000}{2750000}$$

$$= 1.24 \text{ times}$$

OL of 1.24 times indicates that 1% change in sales shall lead 1.24% change in EBIT

If sales drop to 6000000 from 8000000 it means sales decreased by 25%. Thus EBIT shall fall by  $25 \times 1.24 = 31\%$ .

$$\begin{aligned}\therefore \text{New EBIT} &= \text{Existing EBIT} - 31\% \\ &= 2750000 - 31\% \\ &= 1897500\end{aligned}$$

Sales	6000000
VC	3450000
Cont <sub>4</sub>	2550000
FC	650000
E <sub>4</sub> BIT	1900000

5. Sales level for EBT = 0

$$EBT = (\text{Sales} \times \text{PV ratio}) - \text{Fixed Cost} - \text{Interest}$$

$$\begin{aligned} \therefore \text{PV ratio of Ferris} &= \frac{\text{Contribution}}{\text{Sales}} \times 100 \\ &= \frac{3400000}{8000000} \times 100 \\ &= \underline{\underline{42.50\%}} \end{aligned}$$

2

$$0 = 0.425x - 650000 - 550000$$

$$- 0.425x = - 1200000$$

$$\therefore x = \frac{1200000}{0.425}$$

$$= 2823530$$

$\therefore$  Sales level of 2823530 shall lead  
EBIT to zero

## QUESTION 2 (5 MARKS)

Axar Ltd. has a Sales of ₹ 68,00,000 with a Variable cost Ratio of 60%. The company has fixed cost of ₹16,32,000. The capital of the company comprises of 12% long term debt, ₹1,00,000 Preference Shares of ₹ 10 each carrying dividend rate of 10% and 1,50,000 equity shares. The tax rate applicable for the company is 30%. At current sales level, DETERMINE the Interest, EPS and amount of debt for the firm if a 25% decline in Sales will wipe out all the EPS.

## Profitability Statement

Sr.No	Particulars	Amount
A	Sales	6800000
B	Less - variable Cost (A*60%)	4080000
C	Contribution (A-B) <span style="color: red; font-size: 2em; vertical-align: middle;">2</span>	2720000
D	Less - Fixed Cost	1632000
E	EBIT (C-D)	1088000
F	Less - Interest <span style="font-size: 1.5em; vertical-align: middle;">(Bal Fig)</span>	393714
G	EBT	694286
H	Less - Tax	208286
I	EAT	486000

Sr.No	Particulars	Amount
J	Less - PD	10000
K	EAES	476000
L	No. of Equity Shares	150000
M	EPS	3.17

$$\text{Combined leverage} = \frac{\% \text{ change in EPS}}{\% \text{ change in sales}}$$

1

=

$$\frac{100}{25}$$

$$\text{Combined leverage} = 4 \text{ times}$$

$$\text{Combined leverage} = \frac{\text{Contribution}}{\text{EBT} - \frac{PD}{(1-t)}}$$

$$4 = \frac{2720000}{x - \frac{10000}{(1-0.30)}}$$

$$4 = \frac{2720000}{x - 14286}$$

$$4x - 57144 = 2720000$$

$$4x = 2777144$$

$$x = 694286$$

## Summary

$$\text{Interest} = 393714$$

(Profitability Statement)

$$\begin{aligned} \text{Amount of Debt} &= 393714 / 12\% \\ &= 3280950 \end{aligned}$$

$$\text{EPS} = 3.17$$

(Profitability Statement)

## QUESTION 3 (5 MARKS)

A Firm sells its only product at Rs. 10 per unit. Its variable cost ratio is 70% while fixed costs are Rs. 1,000. Present sales are 1,000 units. Find By what % should sales fall before the firm starts incurring losses?

EIBIT Negative

66.67%

# Profitability Statement

sr. no

Particulars

Amt

A	Sales [1000 x 10]	10000
B	less - Variable Cost (10 x 70%)	7000
C	Contribution (A - B)	<u>3000</u>
D	Fixed Cost	1000
E	EBIT (C - D)	<u><u>2000</u></u>

②  $L = \frac{\text{Contribution}}{\text{EBIT}} = \frac{3000}{2000} = 1.5 \text{ times}$

$$OL = \frac{\% \text{ change in EBIT}}{\% \text{ change in sales}}$$

2

$$1.5 = \frac{100}{x}$$

$$1.5 x = 100$$

$$x = 100 / 1.5$$

$$= 66.67\%$$

If sales drop by more than 66.67% from

will start incurring loss.

# QUESTION 4 (10 MARKS)

5/100

The information related to XYZ Company Ltd. for the year ended 31<sup>st</sup> March, 2020 are as follows:

Equity Share Capital of ₹ 100 each	₹ 50 Lakhs
12% Bonds of ₹ 1000 each	₹ 30 Lakhs
Sales	₹ 84 Lakhs
Fixed Cost (Excluding Interest)	₹ 7.5 Lakhs
Financial Leverage	1.39
Profit-Volume Ratio	25%
Market Price per Equity Share	₹ 200
Income Tax Rate Applicable	30%

MPS  
---  
EPS

EPS / MPS  
MPS / EPS

You are required to compute the following:

- (i) Operating Leverage 1.56 times
- (ii) Combined Leverage 2.16 times
- (iii) Earning per share 13.60 per share
- (iv) Earning Yield 6.80%

1. Profit Volume Ratio =  $\frac{\text{Contribution}}{\text{Sales}} \times 100$

①

So, 25 =  $\frac{\text{Contribution}}{\text{₹ 84,00,000}} \times 100$

Contribution =  $\frac{\text{₹ 84,00,000} \times 25}{100} = \text{₹ 21,00,000}$

2. Financial leverage =  $\frac{\text{EBIT}}{\text{EBT}}$

②

Or, 1.39 =  $\frac{\text{₹ 13,50,000 (as calculated above)}}{\text{EBT}}$

EBT = ₹ 9,71,223

# Income Statement

Particulars	(₹)
Sales	84,00,000
Less: Variable Cost (Sales - Contribution)	(63,00,000)
Contribution	21,00,000
Less: Fixed Cost	(7,50,000)
EBIT	13,50,000
Less: Interest (EBIT - EBT) <i>C Bau Fig)</i>	(3,78,777)
EBT	9,71,223
Less: Tax @ 30%	(2,91,367)
Profit after Tax (PAT)	<b>6,79,856</b>

3

(i) **Operating Leverage** =  $\frac{\text{Contribution}}{\text{Earnings before interest and tax (EBIT)}}$

*1.56*

=  $\frac{\text{₹ 21,00,000}}{\text{₹ 13,50,000}} = 1.556$  (approx.)

①

1 = 10

(ii) **Combined Leverage** = Operating Leverage x Financial Leverage

*2.16*

=  $1.556 \times 1.39 = 2.163$  (approx.)

①

2 = 5

3 = 5

Or,  $\frac{\text{Contribution}}{\text{EBT}} = \frac{\text{₹ 21,00,000}}{\text{₹ 9,71,223}} = 2.162$  (approx.)

4 = 10

(iii) **Earnings per Share (EPS)**

*13.60*

EPS =  $\frac{\text{PAT}}{\text{No. of shares}} = \frac{\text{₹ 6,79,856}}{50,000} = \text{₹ 13.597}$

①

30

(iv) **Earning Yield**

=  $\frac{\text{EPS}}{\text{Market Price}} \times 100 = \frac{\text{₹ 13.597}}{\text{₹ 200}} \times 100 = 6.80\%$  (approx.)

*>*

①



**ALL THE  
BEST!**





thank you!