TY-BAF Sem-5

16/12/22

Time Duration: 2 1/2 hours

Marks: 75

Instructions:

- All questions are compulsory.
- · Figures to the right indicate full marks.
- · Working notes should form part of your answer.
- Use of simple calculator is allowed.

| Q.1 A) Select the correct option and rewrite the sentences (Any & | 0 | .1 A |) Select | the cor | rrect onti | on and | rewrite | the ser | iences | (Any | v 5 | 3) |
|---|---|------|----------|---------|------------|--------|---------|---------|--------|------|-----|----|
|---|---|------|----------|---------|------------|--------|---------|---------|--------|------|-----|----|

(08

- 1. Dividend received is
 - a) Cash inflow from Operating Activities
 - b) Cash outflow from Operating Activities
 - c) Cash inflow from investment Activities
 - d) Cash outflow from financial Activities
- 2. EBIT is Rs. 360000, Equity shareholders' Funds is Rs. 2000000 and Debt Funds are Rs. 1000000 then ROI will be
 - a) 8.33%
 - b) 10%
 - c) 12%
 - d) 15%
- is the discounted rate of return at which aggregate Present value of inflows = Aggregate Present value of outflows
 - a) Average Rate of Return
 - b) Internal Rate of Return
 - c) Accounting Rate of Return
 - d) Normal Rate of Return
- 4. NP Ltd. has capital of 30,000 and Net Profit after Tax (NPAT) is Rs. 54,00,000. It's share of Rs. 100 each, is currently traded at Rs. 540. The P/B ratio of NP Ltd. Will be
 - a) 30
 - b) 5.4
 - c) 180
 - d) 100

| 3. | | age Capital Employed is Rs. 450000 and NKK is 10% their Normal Profit will be Rs. |
|--------|---------|---|
| | - | 4500000 |
| | | 50000 |
| | | 45000 |
| | d) | 45% |
| 5 | | cial Statement Module Areas is/are |
| | | Only Cash Flow Statement |
| | | Cash Flow Statement and Income Statement |
| | | Income Statement and Balance sheet |
| | d) | All Income Statement, Balance sheet and Cash Flow Statement |
| 7. | Value | of Share under Fair Value method is Rs. 30 and under yield value method is Rs. 29 What will |
| | | ue of Share under intrinsic Value method? |
| | a) | Rs. 1 |
| | b) | Rs. 59 |
| | c) | Rs. 31 |
| | - | Rs. 59 |
| 8. | | is Excess of aggregate Present value of Cash inflows over aggregate Present value of |
| 0, | Cash | utflows |
| | | Present Value |
| | | Net Present Value |
| | , | Future Value |
| | • | Net Future Value |
| | a) | rectruture value |
| ٥ | Return | s on Equity Shareholder's Funds is Ratio. |
| 7. | | Liquidity |
| | | Activity |
| | - | |
| | | Profitability |
| | a) | Leverage |
| 10. | | is an estimate of the earnings capitalised value of the asset assuming that the |
| XII | earning | s will grow at a stable rate from thereon |
| | | Terminal Value. |
| | | Equity value |
| | c) | Economic Value |
| | d) | Business Value |
| Q.1 B) | State v | whether the Following statements are True / False (Any 7) (07) |
| a) | Goody | vill is an Intangible Asset which does not have realisable value. |
| | | nable earning is also known as persistent earning. |
| c) | Asset I | pased approach of business valuation considers Liquidation value as well as book value |
| ٠, | method | |
| d) | | ption of Preference Shares is a Cash inflow from investment Activities. |
| | | can increase its profitability without any growth or expansion of business. |
| a | Econor | mic Analysis requires information about Investment, Production and employment etc |
| | | t Ratio is an example of Cornposite Ratio. |
| _, | | |
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- h) Normal Rate of Return of Return is average return expected by shareholders from their investment.
- i) Yield Value of Shares is also called as Market Value Method of Shares
- j) Super Profit is Excess of Future Maintainable Profit over Normal Profit.

Q. 2 A) Following are the Income Statements of ABC Ltd. for the year ended 31st March 2021 & 2022. Prepare a Comparative Income Statement of ABC Ltd. in vertical form and analyse the changes in Sales, Gross Profit and Net Profit.

| Particulars | 2021 | 2022 |
|------------------------|-----------|-----------|
| | (Rs.) | (Rs) |
| Sales | 10,00,000 | 12,00,000 |
| Cust of Goods Sold | 6,00,000, | 7,20,000 |
| Gross Profit | 4,00,000 | 4,80,000 |
| Operating Expenses | 2,00,000 | 3,00,000 |
| Operating Profit | 1,00,000 | 1,80,000 |
| Non-operating Income | 20,000 | 60,000 |
| Non-Operating Expenses | Nil | 20,000 |
| Net Profit Before Tax | 1,20,000 | 2,20,000 |
| Provision for Tax | 30% | 30% |

AND

Q. 2 B) From the following information of QP Ltd, prepare Common Size Balance Sheet in Vertical Form as on 31st March 2022. (07)

| Particulars | Rs. |
|---------------------|----------|
| Fixed Assets | 5,00,000 |
| Current Assets | 3,00,000 |
| investments | 1,00,000 |
| Share Capital | 4,00,000 |
| Reserves & Surplus | 1,00,000 |
| Loan Funds | 2,00,000 |
| Current Liabilities | 2,00,000 |

OR

Q.2 M/S. LM and Bros. is considering an investment proposal worth. Rs. 100 lakhs. The expected, interest rate is 10%. The following information n has been provided to you. You are required to evaluate the project using: a) NPV b) Profitability Index and c) Payback Period. (15)

| Year | Cash Flow (Rs.) | Discounting Factor@ 10% |
|------|-----------------|-------------------------|
| 1 | 20,00,000 | 0.909 |
| 2 | 25.00.000 | 0826 |
| 3 | 27,50,000 | 0.751 |
| 4 | 37,50,000 | 0.683 |
| 5 | 32,50,000 | 0.621 |
| 6 | 25,00,000 | 0.564 |

Q.3 From the following Trading and Profit & LGSS a/c of OR Ltd, you are required to compute the following ratios:

a) Gross Profit Ratio

b) Net Profit Ratio

c) Operating Ratio

f) Office Expenses Ratio

(15)

d) Operating Expenses Ratio e) Stock Turnover Ratio

Dr Trading and Profit & Loss a/c for year ended 31/3/2022

2)

| Particulars | Amount (Rs.) | Particulars | Amount (Rs.) |
|------------------------------------|--------------|----------------------------|--------------|
| To Opening Stock | 1050000 | By Sales | |
| To Purchases | 525000 | Gross 28,00,000 | |
| To Factory Power | 11000 | Less; Returns 3,00,000 | 2500000 |
| To Carriage Inward | 25000 | By Closing Stock | 375000 |
| To Wages | 200000 | By royalties | 25000 |
| To Office Salaries | 25000 | By Income from Investments | 25000 |
| To Office Rent | 10000 | By Commission | 15000 |
| To Office Electricity | 15000 | 4 | |
| To Depreciation on Furniture | 12500 | | |
| To Printing & Stationery | 30000 | | |
| To Travelling expenses of Salesmen | 15000 | | |
| To Depreciation on Delivery Van | 2500 | n e | |
| To Insurance on Delivery Van | 2500 | | |
| To Advertisement | 7000 | | |
| To General expenses | 2500 | | -7 |
| To Postage | 2000 | | |
| To Audit Fees | 5000 | | |
| To Provision for Tax | 500000 | 4 | |
| To Net Profit | 500000 | | |
| 1 P | 2940000 | | 2940000 |

(Preparation of Vertical statement is not necessary)

OR

Q.3 From the following Financial statement you are required to prepare cash flow statement of Doc ltd. for the year ended 31st March 2022: (15)

Balance Sheet as on 31st March 2022

| Liabilities | 2021 | 2022 | Assets | 2021 | 2022 |
|---------------|----------|----------|----------------------|----------|----------|
| | Rs. | Rs. | | Rs. | Rs. |
| Share Capital | 3,50,000 | 3,50,000 | plant & Machinery | 2,50,000 | 4,55,000 |
| Secured Loan | | 2,00,000 | Inventory | 75,000 | 2,00,000 |
| Profit & Lass | | (8) | ATTI- | | |
| A/c | 35,000 | 50,000 | Debtors | 25,000 | 1,00,000 |
| Creditors | 70,000 | 1,95,000 | Cash | 1,00,000 | 45,000 |
| Tax Payable | 5,000 | 15,000 | Preliminary Expenses | 10,000 | 10,000 |
| | 4.50,000 | 8,10,000 | | 4,60,000 | 8,10,000 |

Revenue Statement for the year ended 31st March 2022

| Particulars | Rs. | Particulars | Rs. |
|----------------------|----------|----------------------|----------|
| To Opening Inventory | 75,000 | By Sales | 5,00,000 |
| To Purchases | 4,90,000 | By Closing Inventory | 2,00,000 |
| To Gross Profit c/d | 1,35,000 | | 1- |
| | 7,00,000 | | 7,00,000 |

| To General Expenses | 55,000 | By Gross profit b/d | 1,35,000 |
|----------------------|----------|---|----------|
| To Depreciation | 40,000 | 6 9 3 3 30 | |
| To Provision for Tax | 20,000 | N | |
| To Net Profit c/d | 20,000 | | |
| | 1,35,000 | 11.00 | 1,35,000 |
| To Dividend Paid | 5,000 | By Balance b/d | 35,000 |
| To Balance c/d | 50,000 | By Net Profit b/d | 20,000 |
| | 55,000 | 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - | 55,000 |

Q.4 A] The following figures have been extracted from the records of a company:

(08)

| Year | 2021 | 2022 |
|---------------|-------------|-------------|
| Sales(Rs.) | 6,00,00,000 | 7,31,25,000 |
| Units Sold | 1,00,000 | 1,12,500 |
| Selling Price | 600 | 650 |

Account for changes in sales value due to changes in sales volume, selling price and both.

AND

Q. 4 B] Mr KK wants to sell his residential property located in Lonawala. Following is the information available of a similar property of Mr BB: (07)

| Particulars | Property of Mr KK | Property of Mr BB |
|--|-------------------|-------------------|
| Area | 600 sqît | 800 sqft |
| Sales Value(Rs.) | | 88,40,000 |
| Additional expenses incurred on property for | | |
| renovation(Rs.) | | 6,50,000 |
| Value of Furniture included along with | | |
| property(Rs.) | | 4,50,000 |

Further, the value of property has generally appreciated by 8% since the sale of property by Mr BB. Calculate the value of residential property of Mr K.K.

OR

Q. 4 The balance sheet of XYZ Co. Ltd. disclosed the following position as on 31st March 2022.

(15)

| Liabilities | Rs. | Assets | Rs. |
|---------------------------|-----------|----------------|-----------|
| Share Capital (6,000 | 6,00,000 | Goodwill | 1,65,000 |
| Equity shares of Rs.100 | 4 | | |
| each) | | | |
| Profit & Loss A/c | 75,000 | Investments | 5,25,000 |
| General Reserve | 2,25,000 | Stock | 6,60,000 |
| 6% Debentures | 4,50,000 | Sundry Debtors | 3,90,000 |
| Sundry Creditors | 1,50,000 | Cash at Bank | 60,000 |
| Other Current Liabilities | 3,00,000 | | |
| | 18,00,000 | | 18,00,000 |

- i) The profits for the past five years were: 2017 –Rs. 30,000; 2018 Rs. 70,000; 2019– Rs. 50,000; 2020 Rs. 55,000 and 2021- Rs. 95,000.
- ii) The market value of investments was Rs. 3,30,000.
- iii) Goodwill is to be valued at three years purchase of the average annual profits for the last five yeaRs. Find the intrinsic value of each share.

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Q. 5 A) Explain the importance of Financial Statements to various stakeholders. (08)
Q.5 B) What are the importance of valuation of fixed assets? (07)

OR

Q.5 Write Short Notes on the following (Any 3)

a) Uses of Financial Modelling
b) Sustainable Earning
c) Super Profit Method of Valuation of Goodwill

- d) Valuation Bias
- e) Cash Flow from Investing Activities