

Time Duration: 2 ½ 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 8).

(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%
3. _____ 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

5. Average Capital Employed is Rs. 450000 and NRR is 10% then Normal Profit will be Rs. ____.
- 450000
 - 50000
 - 45000
 - 45%
6. Financial Statement Module Areas is/are _____.
- Only Cash Flow Statement
 - Cash Flow Statement and Income Statement
 - Income Statement and Balance sheet
 - 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 be Value of Share under intrinsic Value method?
- Rs. 1
 - Rs. 59
 - Rs. 31
 - Rs. 59
8. _____ is Excess of aggregate Present value of Cash inflows over aggregate Present value of Cash outflows
- Present Value
 - Net Present Value
 - Future Value
 - Net Future Value
9. Returns on Equity Shareholder's Funds is _____ Ratio.
- Liquidity
 - Activity
 - Profitability
 - Leverage
10. _____ is an estimate of the earnings capitalised value of the asset assuming that the earnings will grow at a stable rate from thereon
- Terminal Value.
 - Equity value
 - Economic Value
 - Business Value

Q.1 B) State whether the Following statements are True / False (Any 7) (07)

- Goodwill is an Intangible Asset which does not have realisable value.
- Sustainable earning is also known as persistent earning.
- Asset based approach of business valuation considers Liquidation value as well as book value method.
- Redemption of Preference Shares is a Cash inflow from investment Activities.
- A firm can increase its profitability without any growth or expansion of business.
- Economic Analysis requires information about Investment, Production and employment etc...
- Current Ratio is an example of Composite Ratio.

- 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.

(08)

Particulars	2021 (Rs.)	2022 (Rs.)
Sales	10,00,000	12,00,000
Cost 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 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	0.826
3	27,50,000	0.751
4	37,50,000	0.683
5	32,50,000	0.621
6	25,00,000	0.564

To General Expenses	55,000	By Gross profit b/d	1,35,000
To Depreciation	40,000		
To Provision for Tax	20,000		
To Net Profit c/d	20,000		
	1,35,000		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		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 sqft	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 Equity shares of Rs.100 each)	6,00,000	Goodwill	1,65,000
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

- 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.
- The market value of investments was Rs. 3,30,000.
- Goodwill is to be valued at three years purchase of the average annual profits for the last five yearRs. Find the intrinsic value of each share.

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) (15)

- 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
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