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JKXAAZ

TIME: 2 Hrs. MARKS: 50

N. B. 1) All questions are compulsory Q.3 & Q.4 has internal option.

2) Use of calculator is allowed. A see a NOT to start success a

Q.1 Explain the following terms.

[15]

a) Commercial Paper

b) Profitability Ratios

c) NPV

d) Risk

e) Return on propreitors fund

f) Time value of money

g) Investment in gold.

Q.2 The following is the Balance sheet of Sunder Mumbai Ltd.

[15]

Balance Sheet as on 31st March 2009

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,00,000	Land & Building	50,000
Profit & Loss A/c	25,000	Plant & Machinery	30,000
Creditors	15,000	Furniture	20,000
Secured Loans	10,000	Stock	15,000
Bank overdrafts	25,000	Debtors	15,000
Provision for Tax	5,000	Investments	12,500
Outstanding Expenses	5,000	Cash	17,500
30%	0.	Goodwill	20,000
40%	08	Preliminary Expenses	5,000
lectives of investment ?	1,85,000	it is an investment P Wha	1,85,000

# Additional information:

- a) Sales Rs. 1,50,000
- b) Gross profit on sales 10%

Re-arrange the above Balance sheet in vertical form and calculate:

- 1) Stock Turnover Ratio. Opening stock on 1.04.2008 was Rs. 70,000.
- 2) Current Ratio
- 3) Debtors Turnover Ratio
- 4) Quick Ratio
- 5) Debt Equity Ratio

**Q.3** What is a risk? Explain different kind of risks involve in investments.

[15]

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Rs. 11,000. Each will continue for 5 years and it has been decided that a discount rate of 10% is acceptable for all thea. The expected cash flows for these projects are:

1 3			
Year	rma. A	al g B would	ad Choldx
) Profitability Ratios	Rs.	Rs.	Rs.
i) Risk I	1,000	2,000	3,000
Time value of moHey	2,000	3,000	4,000
III	3,000	5,000	3,500
IV	4,000	3,000	2,500
Vist Lindmin Wieber	5,000	2,000	2,000

The discount factor at 10% is

I		0.909
II		0.826
III	-	0.751
IV	- 40	0.683
V	-	0.621

Which project would you recommend and why?

**b)** Calculate the expected rate of return from the following information relating Bootex Ltd.

[5]

[8]

State of Economy	Probability of occurance	Rate of return
Boom	0.40	30%
Normal	0.30	40%
Revession	0.30	30%

- Q.4 a) What is an investment? What are the objectives of investment?
  - b) What are the guidelines for financial statement analysis. [7]

# Q.4 Short Notes on:

- [7] Re-arrange the above Balance sheet in vertical form and c 799 (s
- b) Limitations of ratio analysis (18)



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