

Q.1 The following is the Balance Sheet of LNT Ltd as on 31st March 2007. (15)

Liabilities	Amount	Assets	Amount
Equity Share Capital	12,80,000	Building	10,00,000
8% Debentures	7,20,000	Machinery	7,20,000
General Reserve	3,20,000	Goodwill	8,00,000
Profit & Loss A/c	6,00,000	Investment	1,20,000
Bank overdraft	2,00,000	Debtors	4,00,000
Income Tax provision	2,00,000	Stock	4,00,000
Creditors	4,00,000	Bank Balance	2,80,000
	37,20,000		37,20,000

Other Information :

Sales 1,40,00,000 ; Gross Profit on Sale is 15%.

Arrange the Balance Sheet in verticle form & Calculate the following ratios.

1. Current Ratio
2. Liquid Ratio
3. Proprietary Ratio
4. Capital Gearing Ratio
5. Stock Turnover Ratio

OR

Q.1 a. Explain any 4 investment avenues? (8)

b. What are the characteristics of investments? (9)

Q.2 Mr. Kuldeep has a portfolio of two securities with 50% investment in X & 50% investment in Y. The characteristics of return under three different economic conditions are : (15)

State of Nature	Probability	Return on 'x'	Return on 'y'	Return on portfolio %
1	0.10	5%	0%	25
2	0.30	10%	8%	30
3	0.50	15%	18%	15
4	0.10	20%	26%	20

Calculate the expected rate of return & Standard deviation of security x, y & portfolio.

OR

Q.2 Explain standard deviation & Beta along with examples. (15)

Q 3 A choice has to be made between two project which require an investment of Rs. 4,00,000 & Rs. 4,80,000 respectively. They are

Year	Project A	Project B
1	2,00,000	80,000
2	NIL	96,000
3	1,20,000	1,44,000
4	80,000	2,00,000
5	30,000	64,000
6	48,000	32,000

The Cost of Capital of the company is 11%.

Which of the proposal should be selected & why?

Evaluate the two project using Net Present Value Method & Profitability Index Method.

OR

- Q.3** a. Explain the importance of liquidity & investment decision.
 b. What is Time Value of Money.

- Q.4** a. From the following information calculate Beta of a Security.

Year	Return on Security %	Return on Market Portfolio %
1	13	11
2	12	12
3	14	13
4	16	15
5	15	14

- b. A bank promises to give you Rs. 80,000 after 6 years at the rate of 8% interest. How much should you deposit today?
 c. Mention 4 turnover Ratios.

- Q.4** a. Covert the following Balance Sheet into vertical form & prepare a comparative Balance Sheet.

Balance Sheet as on 31st March

Liabilities	2010 (Rs.)	2011 (Rs.)	Assets	2010 (Rs.)	2011 (Rs.)
Equity Share Capital	20,00,000	26,00,000	Fixed Assets	36,00,000	48,00,000
Preference Share Capital	12,00,000	16,00,000	Investments	16,00,000	14,00,000
8% Debenture	16,00,000	16,00,000	Stock	3,00,000	6,00,000
Reserve & Surplus	8,00,000	9,00,000	Debtors	5,00,000	4,00,000
Sundry Creditors	2,40,000	2,00,000	Bills		
Bills Payable	2,00,000	2,40,000	Receivable	2,20,000	2,00,000
Bank	1,60,000	2,00,000	Prepaid		
Overdraft			Expenses	20,000	—
Provision for Tax	80,000	1,20,000	Cash	40,000	60,000
	62,80,000	74,60,000		62,80,000	74,60,000