

**UMESCHANDRA COLLEGE****(Main and Extended Campus)****Internal Examination-2023****B.Com, Year-3, Semester-VI****Subject : Financial Management DSE6.2AH/AG****(Hons. and General)**

Time : 30 min.

Full Marks : 10

**Answer any Two questions :****[2 × 5 = 10]**

**Q.1.** R borrows ₹ 59,36,000 from S at a compound interest rate of 12% p.a. It is agreed that the loan shall be payable in two equal installments, which shall be payable at the end of the 1st year and 2nd year respectively. Calculate the amount of Installments.

**Q.2.** Raj and Co. intends to invest ₹10,00,000 in a project having a life of 4 years. The cash inflows from the project at the end of year one to the fourth year are expected as ₹ 3,00,000; ₹ 4,20,000; ₹ 4,00,000 and ₹ 3,30,000 before charging depreciation and tax. You are required to calculate the Accounting Rate of Return (ARR) of the project. Assume tax rate is 50%, depreciation is charged on straight line method and scrap value is nil.

**Q.3.** Your company's share is quoted in the market at ₹ 20 currently. The company pays a dividend of ₹ 1 per share and the investors expects a growth rate of 5% per year. Compute :

- (a) the company's cost of equity capital;
- (b) if the anticipated growth rate is 6% p.a., calculate the indicated market price per share;
- (c) if the company's cost of capital is 8% and the anticipated growth rate is 5% p.a., calculate the indicated market price if the dividend of ₹ 1 per share is to be maintained.

**Q.4.** A firm has sales of ₹ 20,00,000, variable costs of ₹ 14,00,000 and fixed costs of ₹ 4,00,000 inclusive of interest of ₹ 1,00,000.

P.T.O.

Calculate the Operating Leverage (OL) Financial Leverage (FL) and Combined Leverage (CL).

Q.5. From the following information, calculate the market value of equity share of a company as per Walter's Model :

Earnings after tax- ₹15,00,000; Number of equity shares outstanding - 3,00,000; Dividend paid ₹ 6,00,000; Price-earning ratio-10; Rate of return on investment-20%

**UMESCHANDRA COLLEGE**

(Main and Extended Campus)

Internal Examination-2023

B.Com, Year-3, Semester-VI (CBCS)

**Subject : Financial Reporting &  
Financial Statement Analysis**

Time : 30 min.

Full Marks :10

Answer any Two questions :

[2×5=10]

Q.1. On 1.4.2019 H. Ltd. acquires 48,000 shares of S. Ltd. On that date S. Ltd. had 5,000 in General Reserve and 75,000 (Dr.), in the Statement of Profit & Loss. Following is the extract of balance appearing in the Balance Sheet of H. Ltd. and S.Ltd. as on 31.3.2020

	H.Ltd.	S. Ltd.
	₹	₹
Equity Share Capital (in share of ₹10 per share)	15,00,000	6,00,000
Reserves	1,80,000	15,000
Balance in the Statement of Profit & Loss	1,20,000	(15,000)
Property, Plant & Equipment	13,70,000	3,20,000

**Other Information :**

- (i) Fixed Assets stood in the books of S.Ltd. at ₹1,80,000 was considered worth ₹1,50,000 on the date of acquisition of shares for the purpose of determining value of shares.
- (ii) 20% depreciation has been written off since acquisition.
- (iii) Stock of H. Ltd. includes ₹60,000 on which S. Ltd. made a profit of ₹15,000.

You are required to calculate :

- (a) Pre-acquisition and Post-acquisition Profit or Loss, and
- (b) Minority Interest.

Q.2. M. Ltd. has equity capital of ₹20,00,000 consisting of fully paid equity shares of ₹10 each. The net profit after tax for the year 2020-21 was ₹30,00,000. It has also issued 20,000 10% convertible debentures

of ₹ 50 each. Each debenture is convertible into five equity shares. The tax rate applicable is 30%. Compute the Basic EPS and Diluted EPS from the given information as per Ind AS 33.

Q.3. Calculate cash from operation from the following information :

	Amount (₹)	Amount (₹)
Sales		1,60,000
Less: Cost of Goods Sold	60,000	
Cash Operating Expenses	20,000	
Depreciation	20,000	
Profit before Tax		1,00,000
Less : Income Tax Paid		20,000
Profit after tax		80,000

Balance relating to current items are :

	Opening (₹)	Closing (₹)
Sundry Debtors	24,000	20,000
Inventory	22,000	28,000
Sundry Creditors	18,000	14,000

Q.4. With the help of the following information for the year ended 31<sup>st</sup> March, 2021, prepare a Commonsized Income Statement :

Selling and Distribution Expenses	₹ 20,000
Administration Expenses	₹ 40,000
Total Operating Expenses	75% of Net sales
Income Tax	20% of Net Profit before tax
Net profit after tax	₹ 80,000

You may assume that there are non-operating income and expenses.

Q.5. Given Working Capital to Fixed Assets 1.2:1. 60% of Fixed Assets were financed by proprietor's fund.

Calculate Debt-equity ratio, considering Long-term Debt only.

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## UMESCHANDRA COLLEGE

(Main and Extended Campus)

Internal Assessment – 2024

B.Com. Year 3 : Semester VI (CBCS)

Financial Reporting & Financial Statement Analysis

Time: 45 Minutes

Full Marks: 10

Answer any one question

2 ×5=10

**Question 1 (a)**

The following are the two Balance Sheets of A Ltd and B Ltd as at 31/12/2023

Liabilities	A Ltd ₹	B Ltd ₹	Assets	A Ltd ₹	B Ltd ₹
Equity Shares (₹10 each fully paid up)	12,000	5,000	Fixed Assets	10,000	6,000
Preference Shares (₹10 each fully paid up)	4,000	1,000	Current Assets	11,500	2,000
Profit & Loss account	2,500	1,000	Cash at Bank	7,000	1,000
Creditors	10,000	2,000			
	28,500	9,000		28,500	9,000

A Ltd acquired 90% of Equity Shares of B Ltd on 1st January 2024 at ₹15 per share.

Prepare the Consolidated Balance Sheet as at 01/01/2024.

**Question 1 (b)**

The following are the two Balance Sheets of X Ltd and Y Ltd as on 31/03/2024

Liabilities	X Ltd ₹	Y Ltd ₹	Assets	X Ltd ₹	Y Ltd ₹
Share Capital (₹1 each share)	12,000	5,000	Sundry Assets	20,000	8,000
Reserve	5,000	1,000	Investment (5,000 shares in Y Ltd)	6,500	
P/LA/c	2,000	1,000			
Sundry Liabilities	7,500	1,000			
	26,500	8,000		26,500	8,000

Shares were acquired by X Ltd on 30/9/2023.

Y Ltd transferred ₹ 500 from profit to reserve on 31/3/2024

Prepare the Consolidated Balance Sheet as at 31/3/2024.

(5+5 marks)

**Question 2(a)**

Write the number and title of any three prevailing Ind AS.

**Question 2(b)**

As on 31st March 2024 the paid up capital of M limited was ₹ one crore

The ratios as on that date were as under:

Current debt to total debt	0.40
Total debt to equity	0.60
Fixed assets to equity	0.60
Total assets turnover (based on sales)	2 times
Inventory turnover (based on sales)	8 times

You are required to draw the Balance Sheet of M limited as at 31st March 2024.

(3+7 marks)

**Question 3(a)**

From the following two consecutive Balance Sheets of X Limited, prepare its Cash Flow Statement for the year ending on 31st December 2023.

Liabilities	₹ 31/12/2022	₹ 31/12/2023	Assets	₹ 31/12/2022	₹ 31/12/2023
Equity share capital	1,40,000	1,40,000	Fixed assets (cost less depreciation)	90,000	87,000
Reserves	74,000	1,05,000	Sundry debtors	43,000	40,000
Sundry creditors	32,000	35,000	Stock	49,000	58,000
Outstanding expenses: Wages Misc. Items	3,000 11,000	4,000 3,000	Cash	75,000	97,000
			Prepaid rent	3,000	5,000
Total	2,60,000	2,87,000	Total	2,60,000	2,87,000

NB: Accumulated depreciation amounted to ₹ 16,000 and ₹ 19,000 at the end of 2022 and 2023 respectively.

Other information :

- Sales ₹ 3,00,000;
- Cost of materials sold ₹ 1,90,000;
- Wages ₹ 23,000;
- Rent ₹ 6,000
- Miscellaneous expenses ₹ 47,000
- Depreciation ₹ 3,000

Question 3(b)

Why Cash Flow Statement is more favourable than Fund Flow Statement to the investors?  
(7+3 marks)

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## UMESCHANDRA COLLEGE

(Main and Extended Campus)

Internal Assessment – 2024

B.Com. Year 3 : Semester VI (CBCS)

Financial Management DSE 6.2AH/AG : (Hons and General)

Time: 45 Minutes

Full Marks: 10

Answer any two questions

2×5=10

1. A sum of ₹ 5,00,000 is invested for 2 years at 10% interest rate compounded bi-annually. Find the maturity amount.
2. The expected EBIT of Kissan Ltd. is ₹ 4,80,000. Its cost of equity and debts are 16% and 12% respectively and it has total capital of ₹ 30,00,000. You are required to calculate the value of the firm and overall cost of capital under net income approach if the Debt-equity ratio (D/E) are (I) 0% and (II) 50%.
3. From the particulars given below calculate the Internal Rate of Return (IRR) of the project :

Cost of the project	₹ 10,00,000
Expected life	5 years
Annual income before tax and depreciation	₹ 3,45,000
Corporate tax rate	30%
Rate of Depreciation (straight line basis)	20%

The present value factors of ₹ 1 are as follows :

Years	1	2	3	4	5	Total
At 13%	.885	.783	.693	.613	.543	3.517
At 14%	.877	.769	.675	.592	.519	3.432
At 15%	.870	.756	.658	.572	.497	3.353
At 16%	.862	.743	.641	.552	.476	3.274

4. From the following information of white Ltd., you are required to determine the working capital requirement.

(a) Monthly expected sales	₹ 10,000
(b) Analysis of sales : - Material	₹ 6,000
- Expenses	₹ 1,500
- Profit	₹ 2,500
(c) Credit allowed to debtors	2.5 months
Credit allowed by creditors	1.5 months
Raw material in store	1 month
Processing period	2 months
Finished goods in store	3 months

(d) Production is carried on evenly during the year and Expenses accrue similarly.

5. From the following information determine the market price of equity shares of Company as per Walter Model.

Earnings of Company	₹ 5,00,000
Dividend Paid	₹ 3,00,000
Number of Shares	1,00,000
Price earning ratio	8
Rate of Return on Investment	15%