Semester: May – June 24			
Maximum Marks: 50	Examination: ETE Exam	Date:	Duration: 2.5 hours
Programme code: 18 Programme: MBA for Working Executives Batch 2 (Div 1 and 2)		Class: FY	Semester I
College: K. J. Somaiya Institute of Management		Name of the department: Finance & Law	
Course Code: 117P18C101		Name of the Course: Financial & Cost Analysis	
Instructions: Attempt any 5 out of the 7 questions.			

Question No.		Max. Marks
1	Balance Sheet and P&L of Omkar limited for financial year 2023-24 are given below.	10

Table A: Balance sheet as on 31st March 2024

LIABILITIES AND EQUITY	AMOUNT (Rs)
Equity Share capital	1,00,00,000
Reserves and surplus	2,25,00,000
Long term Debt	1,25,00,000
Short term bank borrowings	1,50,00,000
Trade Payables	1,00,00,000
Outstanding expenses	50,00,000
TOTAL	**7,50,00,000**
ASSETS	**AMOUNT (Rs)**
Non-Current Assets	3,00,00,000
Current Assets	
Cash and Bank	50,00,000
Trade Receivables	1,50,00,000
Inventories	2,00,00,000
Prepaid expenses	25,00,000
Short term investments	25,00,000
TOTAL	**7,50,00,000**

Table B: Profit and Loss Account for the year ended 31st March 2024

Net Sales	9,50,00,000
Cost of goods sold	7,20,00,000
Gross Profit	**2,30,00,000**
Operating expenses	1,05,00,000
Operating Profit	**1,25,00,000**
Non-operating income	26,00,000
Profit before interest and tax	**1,51,00,000**
Interest	50,00,000
Profit before tax	**1,01,00,000**
Tax	50,00,000
Profit after tax	**51,00,000**
Dividends	18,00,000
Retained Earnings	**33,00,000**

Table C: Industry Standards

Current ratio	1.50
Quick ratio	0.80
Debt-Equity ratio	1.50
Interest coverage ratio (times)	3.50
Inventory turnover ratio	4.00
Average collection period	60 days
Return On Investment	12%
Total Assets turnover ratio (times)	1.00
Net profit ratio	6%
Return on Equity	15%

Part A: Calculate the following ratios for Omkar Ltd:

(i) Current Ratio (calculated as Current assets divided by Current Liabilities)
(ii) Interest Coverage ratio (Calculated as EBIDT divided by Interest)
(iii) Total Assets Turnover ratio (Calculated as Net sales or Revenue by Total Assets)

Part B: Compare the ratios that you have calculated with the industry standards given in Table C and give your interpretations.

	Part C: In addition, also calculate the following ratios for the company if the number of shares is 1 lakh: **(iv)** Price/ Earnings Ratio (Market Price per share – Rs. 1,320, EPS – Rs. 33) (calculated as Market price per share divided by Earnings per share) **(v)** Dividend per share (calculated as total dividend by number of shares)	
2	Mr. Sameer a very ambitious doctor went ahead and opened a nursing home, having 50 beds, 6 ICU's and 10 separate cabins. The entire nursing home's worth amounted to Rs. 5 Crores divided into 1.5 Crores – the cost of the building, Rs.1 Crores cost of Land, Rs.2 Crores Equipment's, Rs.25 Lakhs Computers and Rs.25 Lakhs for furniture and Fixtures. In this ambitious project of his a very close friend of Mr. Sameer helped him by joining hands. Mr. Jay, the friend contributed same amount as Mr. Sameer and the balance they borrowed from Kotak Bank which amounted to Rs.2 Crores. Kotak Bank gave the loan of Rs.2 Crores @ rate of interest of 15% p.a. (Per year) Interest was paid during the year. In the first year of their operation, the nursing home was occupied to its 90% capacity with respect to Beds, ICUs, and Separate cabins. The charges with respect to beds were Rs.4000 per day, for ICU Rs.8000 per day and for the Separate cabins Rs.6000 per day. The total staff of the Nursing home was equal to 50 divided into 3 categories as follows: Category 1 had 20 people, category 2 had 20 people and category 3 had 10 people. The pay-band with respect to the three categories was Category 1 – Rs.15000 per month, Category 2 – Rs.25000 per month, Category 3- Rs.40000 per month. Bank loan - Principal amount Rs. 2500,000 was repaid during the year and depreciation for the 1^{st} year on various assets was charged as - Building – Rs.7,50,000, Equipment's – Rs. 20,00,000 and Computers – Rs.5,00,000 and Furniture and Fixture Rs. 3,75,000. Based on the above information, prepare the Income statement and Balance Sheet of the business for the 1^{st} year of operation. You can assume 360 days in a year for all your calculations.	**10**
3	**A)** Explain the concept of breakeven with a suitable example **B)** Explain the following concepts with suitable examples: (i) Fixed Costs (ii) Variable Costs (iii) Semi Variable Costs	**10**
4	Explain the following concepts in few lines 1. Equity share capital 2. Liabilities 3. Assets 4. Dividend & Interest 5. Reserves & Surplus	**10**
5	A spices manufacturing company has two products: 'Teekhi' and 'Turi'. Teekhi sells for Rs.50 per pack and has a variable cost of Rs.35 per pack. Turi sells for Rs.100 per pack and has a variable cost of Rs.60 per pack.	**10**

1. Calculate contribution margin per unit and P/V ratio for both the product lines.

2. The demand is for more units than the company can produce. There are only 40,000 machine hours of manufacturing capacity available on a single machine. Four Teekhi packs can be produced in the same average time (1 hour) needed to produce one Turi pack.

Compute the total contribution margin for 40,000 hours if

(i) Only Teekhi was produced and sold

(ii) Only Turi was produced and sold.

(iii) Which product line makes the best use of machine hours?

6 | **10**

Identify the following cashflows and classify them as Operating, Investing or Financing. For notional or some of these cashflows, suitable category adjustments may need to be made.

1. Rent received on Property held as Investment: Rs.50,000
2. Repayment of Bank Loan Rs.30,000
3. Depreciation of Furniture and Fixture Rs.45,000
4. Purchase of New Equipment Rs.80,000
5. Issue of Equity Shares Rs. 2,00,000
6. Net Profit before tax Rs.2,70,000
7. Payment of Dividend Rs.45,000
8. Proceeds from sale of Investment Rs.40,000
9. Payment of Interest on Bank Loan Rs.35,000

7 | **10**

A company is drawing its production plan for the year 2023-24 in respect of two of its products – "Alpha" and "Beta". The company's policy is not to carry any closing WIP at the end of any month. However, its policy is to hold a closing stock of finished goods at 50% of the anticipated quantity of sales of the succeeding month. For the year 2023-24 the company's budgeted production is 22,000 units of "Alpha" and 26,000 units of "Beta". The following is the estimated cost data:

Particulars	**Alpha (Rs.)**	**Beta (Rs.)**
Direct Material per unit	50.00	80.00
Direct Labor per unit	20.00	30.00
Other Mfg. expenses apportionable to each type of product based on Production	3,00,000	4,75,000

The estimated sales of units in the first 7 months of the year 2023-24 are as under:

Product	**Apr**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**
Alpha	800	1,200	1,500	1,700	2,100	2,300	1,900
Beta	3,000	2,800	2,400	2,200	1,800	1,800	2,000

Compute the Production Budget for the months April to Sept based on the above data.