

**JAYPEE UNIVERSITY OF INFORMATION TECHNOLOGY, WAKNAGHAT**

**TEST -2 EXAMINATION- APRIL-2023**

COURSE CODE(CREDITS): 18B11HS411(3)

MAX. MARKS: 25

COURSE NAME: Finance & Accounts

COURSE INSTRUCTORS: Triambica Gautam

MAX. TIME: 1 Hour 30 Minutes

*Note: All questions are compulsory. Marks are indicated against each question in square brackets.*

Q1. What are the advantages and limitations of Debentures or Bonds as a source of finance for any organization? Explain briefly CO1[3]

Q2. Given the following information about a company calculate the current ratio, quick ratio, debt to equity ratio, average collection period, net profit margin, return on capital employed, interest coverage ratio, operating expenses ratio, gross profit margin and Earning per share. CO2[5]

Balance Sheet for the year ended 31 <sup>st</sup> March 2020 (Rs. in lakh)		Profit & Loss a/c for the year ended 31 <sup>st</sup> March 2020 (Rs. in lakh)	
<b>Assets</b>		<b>Sales</b>	3400
Cash	525	Less: Cost of Goods sold	1920
Debtors	310	<b>Gross profit</b>	1480
Stock	785	Less: Operating expenses	780
Prepaid Expenses	15	Add: Profit on the sale of asset	3
<b>Total Current Assets</b>	<b>1635</b>	<b>Profit Before Interest and Tax</b>	<b>703</b>
Investments	400	Less: Interest expenses	60
Other fixed assets	1800	<b>Profit Before tax</b>	<b>643</b>
<b>Total assets</b>	<b>3835</b>	Less: Tax	296
<b>Liabilities</b>		<b>Profit after tax</b>	<b>347</b>
Creditors	260		
Bank borrowings	420		
<b>Total current liabilities</b>	<b>680</b>		
Debentures	750		
Share capital(Rs 10 par value)	1000		
Reserves and surplus	1405		
<b>Total Liabilities</b>	<b>3835</b>		

Q3. Explain briefly the utility of conducting a composite analysis of financial statements.

CO2[2]

Q4. a) Describe briefly the concept of dilution of control. How does the preemptive right help deal with this issue?

b) How is preference capital useful to a company as a source of finance?

CO1[2+2]

Q5. a) At age 20, how much should one invest at the end of each year in order to have Rs 10 lakh at age 50, assuming 10% annual growth rate.

b) At age 20, how much lump sum should one invest now in order to have Rs 10 lakh at age 50, assuming 10% annual growth rate?

c) Calculate the present value of a pension that is starting from the 11<sup>th</sup> year from now and will go on till year 20.

CO3[2+2+3]

Q6. a) What is the main difference between the company and cooperative form of organization?

b) Purchase of an asset by taking a loan would lead to what changes in the organisation's financial status? Explain in context of the accounting equation.

c) What is the rule of entry for personal accounts?

d) Explain briefly the dividend decision in an organization.

CO1[1x4=4]