

Ans 5	Cash Flow (1 mark for each)	
	Operating (Net Profit + Depreciation)	54,50,000
	Investing (purchase of P&M)	-55,00,000
	Financing (Debt raised - dividend paid)	2,50,000
	Year end (Beginning + change)	3,00,000

Ans 4 (1 mark for each correct ratio- no marks for merely writing formulae)

Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	$\frac{\$655,000}{\$330,000}$	1.98
Quick ratio	$\frac{\text{Current assets} - \text{Inventories}}{\text{Current liabilities}}$	$\frac{\$655,000 - \$241,500}{\$330,000}$	1.25
DSO	$\frac{\text{Accounts receivable}}{\text{Sales}/365}$	$\frac{\$336,000}{\$4,404.11}$	76.3 days
Inventory turnover	$\frac{\text{Sales}}{\text{Inventories}}$	$\frac{\$1,607,500}{\$241,500}$	6.66
T. A. turnover	$\frac{\text{Sales}}{\text{Total assets}}$	$\frac{\$1,607,500}{\$947,500}$	1.70×
Profit margin	$\frac{\text{Net income}}{\text{Sales}}$	$\frac{\$27,300}{\$1,607,500}$	1.7%
ROA	$\frac{\text{Net income}}{\text{Total assets}}$	$\frac{\$27,300}{\$947,500}$	2.9%
ROE	$\frac{\text{Net income}}{\text{Common equity}}$	$\frac{\$27,300}{\$361,000}$	7.6%
Debt ratio	$\frac{\text{Total debt}}{\text{Total assets}}$	$\frac{\$586,500}{\$947,500}$	61.9%

Ans 3

PV of retirement funds (annuity due) at 60 years = 13,611,569 = $9 \left[\frac{1 - \left(\frac{1.05}{1.10} \right)^{25}}{1 - \frac{1.05}{1.10}} \right]$ 3 marks

FV of 15 lakhs at the end of 10 years = $15 \times (1.10)^{10} = 38.90$ lakhs 1 mark

$A \times \text{FVIFA}(10\%, 10) + 38.90 = 136.11$ 1 mark

$A \times 15.9374 = 136.11 - 38.90$

$A = 6.099$ lakhs 3 marks

Ans 2 (1 mark each)

Rate of increase of flight	Rate of increase of gold	Rate of increase of Sensex
4.58%	9.2%	16.17%

Ans 1

$R = 1.03^{12} - 1 = 42.57\%$