

Dr. Babasaheb Ambedkar Open University
Term End Examination January – 2026

Course : Diploma Course	Date : 01/03/2026
Subject Code : DFM-02	Time : 11:30am to 01:45pm
Subject Name : Project Appraisal and Analytical Tools in Financial Management	Duration : 02.15 Hours
Max. Marks : 70	

Q-1 The following are the summarized balance sheets of Rehan Ltd. for two years. You are required to rearrange it in the form suitable for computing ratios: **14**

Balance Sheets

Liabilities	1997 Rs.	1998 Rs.	Assets	1997 Rs.	1998 Rs.
Share Capital:			Fixed Assets		
Equity shares of Rs. 100 each	1,00,000	1,50,000	Less: Depreciation	3,50,000	4,90,000
8% Pref. shares of Rs. 100 each	50,000	50,000	Current Assets:		
Reserves	2,00,000	1,50,000	Stock	1,60,000	60,000
6% Debentures	1,00,000	1,00,000	Debtors	40,000	35,000
Current Liabilities	90,000	1,20,000	Cash	10,000	5,000
Bank Overdraft	20,000	20,000			
	5,60,000	5,90,000		5,60,000	5,90,000

From the above information you are required to calculate the following ratios and comment on the financial position of body corporate.

- (1) Current Ratio
- (2) Liquid Ratio
- (3) Acid-Test Ratio

OR

Explain various types of Balance Sheet ratios ?

Q-2 Bajaj steel corporation purchase a machine costing Rs. 1,10,000. The estimated return is as follow: **14**

Year	Return (in Rs.)	Year	Return (in Rs.)
1	25,000	6	30,000
2	40,000	7	25,000
3	40,000	8	20,000
4	40,000	9	15,000
5	35,000	10	10,000

Economic Life: 10 years

salvage value Rs. 10,000

Depreciation: straight line Method over 10 years

Assumed Rate of Tax: 50%

Calculate the pay-back period.

OR

Explain Net Present Value method of Project appraisal? State its merits and limitation?

Q-3 Discuss the legal aspects of Leasing.

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OR

Write a short note on different agencies providing service of credit rating?

Q-4 Following are the summarized balance sheets of super Ltd. as on 31st march, 2000 and 2001 14

Particulars	2000	2001
Liabilities		
Share capital	2,00,000	2,50,000
General reserve	50,000	60,000
Profit & loss	30,500	30,600
Bank loan (long term)	70,000	-
Sundry creditors	1,50,000	1,35,200
Provision for taxation	30,000	35,000
	5,30,500	5,10,800
Assets		
Land & buildings	2,00,000	1,90,000
Machinery	1,50,000	1,69,000
Stock	1,00,000	74,000
Sundry debtors	80,000	64,200
Cash	500	800
Bank	-	7,800
Good will	-	5,000
	5,30,500	5,10,800

Additional information:

During the year ended 31st march 2001

- (i) Dividend of Rs. 23,000 was paid.
- (ii) Assets of another company were purchased for a consideration of Rs. 50,000 payable in shares. The following assets were purchased:
Stock: Rs. 20,000 machinery Rs. 25,000
- (iii) Machinery was further purchase for Rs. 8,000.
- (iv) Depreciation written off on machinery Rs. 12,000 and
- (v) Income- tax provided during the year Rs. 33,000 loss on sale of machinery Rs. 200 was written off to general reserve.

Prepare a cash flow statement in a vertical format.

OR

The following is the balance sheet of Prithvi Ltd. As on 31-03-2003. Rearrange it in a form suitable for analysis and calculate the following ratios :

- (1) Net profit ratio (2) Current Ratio (3) Proprietary Ratio (4) Return of capital Employed (5) Debtors ratio (6) Fixed- assets Turnover.

Balances sheet on 31-03-2003

Particular	Rs.	Particular	Rs.
Creditors	16,000	Cash at Bank	26,000
Bills payable	6,000	Debtors	11,000
Debentures	1,00,000	Stock	50,000
Reserves and	69,000	Bills Receivable	4,000

profits			
Paid up capital	1,00,000	Fixed assets	2,00,000
	2,91,000		2,91,000

Sales: 2,00,000 , net profits RS. 60,000

Q-5 Write Short Notes (Any two)

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1. Going Concern Concept
2. Accounting Rate of Return Method
3. Sensitivity Analysis
4. Draw backs of funds Flow analysis
5. Zero-Base Budgeting
