ACCOUNTING RATIOS.

Classmate

Date
Page

TO BE DISCUSSED.

	TO BE DISCUSSE	ED.	4		
	(Q1).			
	1 Compositions and Stable	2 (E. 04) T. (1	Total ASIEt TION RE	\(\)	
7	Barance sheet A To	of MN U	d as on 31.3.16.		
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	Reserves & surpius.	70000			
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		= 300000			
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	7= 2800000
	380000 th Ham and 2001 2001 C
	1-2-2 3 2.15
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	3 80 000+n
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	Classmate Date
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Date _____
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	ALR. 40	9315	long term debt	100000
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	Plant & 20	00000	Retained Earning	100000
	Equipment		9	
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Conco		(31,26,900) 7445
000445	contribution 25.55	10,73,100 2555
(-)	Fined cost	(3,48,000)
0003	Puefit / EBIT. 00021	7,25,100 = 9,000 = 10
(-)	Interest	(2,03,500)
	EBT	5,21,600
(-)	Tax.@35%	(1,82,560)
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(ii) →	combined leverage = 0	.48×1.39
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	=	Α	B	A	В
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(-)	variable cost		(45,000)	(45,000)	(45,000)
	Contribution	45,000	45,000	45,0000	45,000
(-)	Aned Cost	(15,000)	(15,000)	(20,000)	(20,000)
	EBI7	30,000	30,000	25,000	25,000
(-)	Interest 60	(2,000)	(1,000)	(2,000)	(1,000)
	EBT.	28,000	29000	23,000	24,000
	(1)	50,848,00	5000	data ban	39 (B)
01 =	conth =	45,000	45,000	145,000	45,000
06	EB17 (30,000	30,000	25000	25,000
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		11.07	1.03	1.09	1.04
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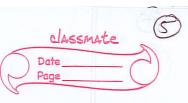
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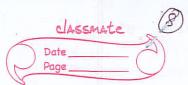
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	e a kara	Company A	Company B.	150
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1	sales	18,75,000	8,75,000	75,00,000
(-)	variable cost	00 (12,50,000)	(2,50,000)	(56,25,000)
	Contribution	6,25,000	6,25,000	18,75,000
(-)	Ained Cost	(5,00,000)	(2,50,000)	((0,00,000)
[E	EBIT	1,25,000	3,75,000	8,75,000
(-)	Interest	(75,000)	(25,000)	(7,50,000)
	EBT	000,50,000	3,50,000	MHO1125,000
	dogios cont	000,00		T8-J
OL=	Conth =	6,25,000	6,25,000 6	18,75,000
	EB17.	1,25,000	3,75,000	8,75,000
	0.00-2	5000	. 01. 09	Ha an
- 4 *	_	035:1	(-67:)	2.14:1
Fla	EBIT =	1,25,000	3,75,000	8,75,000
	EBT AND	50,000	3,50,000	1,25,000
	5.5	1000	12.60	
		2-501	1.07:1	7:1
E.	2,00,000	- Obdah	COAE PART	EUO (A)
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CAPITAL STRUCTURE

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TO BE DISCUSSED.

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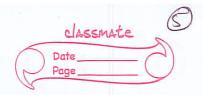
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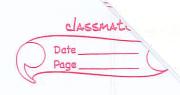
CAPITAL BUDGETING

classmate 1

	To be discussed.
	(Q1). (L0)
	K.I.O.K.
Û	conflict in rankings between NPV & IRR arises
	due to following reasons:
	(i) pyperence in initial investment
	(ii) pyjerence in life of the projects.
	(iii) Difference in the pattern of cash inflows
	T) PV OLCT
	Project D has a nigh each injure in the just year
V9	which can be reinnested jona longer period and can
Lo 833	generate higher reinvestment income. This ultimately
71.75	rescuts in a nigher occeracionetturs le a nigher IRR
5013	#3-12-0 01213 93-01 100P- 2121-0 000P1 E
23-12	engent cin contrast has a nigher cash injurion the
[540]	last year and herie it carnot be reinnested. This
- E202	result is lower relinrestment income and hence a
89722	LOWER IRRELL ZETZE
	Ent young ply marrier actificing the or market on
(1)	The IRR method impurely assumes that the cash
24	injunes of each year will be reinnested at IRR
	which at times can be considerably high and
i c	nence not achieveable
	= 1420-27
	The NPV method implicity assumes that the cash
	injum of each year will be reinvested at coc
V9 X	which is the minimum rate at which companyls
2233	funds are reinnested and hence always achieveable
Para	5 13000 0.121 6236 0.8124 BAZE 0.824
bbb5	In case of conflict the NPV method is better than
19743	the IRR method due to its realistie & achieveable
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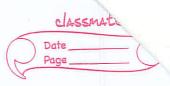
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3	14000	0.6575	9205	0.6086	8520	0.5787	8102
340	12000	0.5718	6862	0.5758	6190	0-4823	5788
5	11000	0-4972	5469	0.4371	4808	0.4019	4421
6	15000	0.4323	6845	0.3704	2226	0.3349	5023
			45735	2	41837	ال والملكم ا	39722
	Evaluati	ion of Pro	ject J.	Lame Gow	Han —	ARI WILLIAM	[fi
EK.	धान्त्र वर्ग	UU(U)UX = S	ject J. H.	wo d which ack yeth w can be	Hara — . Si je John Hajo	The IRB	
E)	धान्त्र वर्ग	UU(U)UX = S	uknoo	20000 X U	وند ۲۸۱۶	2000	20
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II Yr	Profco capital) ProgCI	enpendi DFQ15%	HUIE MA HUMA PV	20000XU	OF=1)	9M_9MP -WOMAL MDF@2	26% PV
4r	Project capital Project CE 7000	emperdi DF@15%. 0.8696	PV 6087	20000 X U	OF=1)	DF@2 0.793	26% PV 7 5558
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	(1)	NPV Hue qiven siteation, mieste I shewd LV9N				
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	9/91/8/	Project P 9 43375 - 40000 34914 5 375 4				
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1	112	IRR				
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	H	Project P = 18+ [2 2115] = 19.74%				
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		A dual out A				
		Project] = 24+ [2 652] = 25.21%				
		Project $J = 24 + \begin{bmatrix} 2 & 652 \end{bmatrix} = 25.21\%$				
1						
Į.	iii	As per IRR method, Project I should be celeuted				
		since êt hous a higher IRR.				
		YE II DEGION - PV - DEGION PN				
	- 2	For using NPV method decision will be based on				
	1921	annualised NPV= NPV 880 000 -				
	120	981 872-0 1 08 PVAF 77-0 0HS E				
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		Parint le Community in 1968.				
		Project J = 3807 01110 v9 - 1040 v9 = V94 17				
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		: Project I should be selected under NPV				
and the second		method.				
		that cath present of each real will be subblested				
		:. There is no conflict between NAVEIRR				
		vuiteria.				
		regresses to the				
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(r)	In the given situation, Project I should be selected
	since it is recommend by both the methods.
	However if there is a confuct between NPV & IRF
	method, NPV cuiteria should be chooses due to its
	realistic à reinvestment assumption.
	idirek
	$Nur P = 18 + 72(03)c^{-1} + 81 = 9ui_{10}9$
	Project A.
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-	You CI DF@10% PV DF@20% PV
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	2 200 0.83 166 0.69 0.69
	3 240 0.75 -180 0.58 139.20
	4 220 0.68 149.60 0.48 105.60
	5 70 0.62 43.40 0.41 28.70
	616.35
Ш)	NPV = PV of CI - PV of CO = 098 = 1, 20009
	616.35 - 500 = 2800 116.35
IV	IRR= 10+ [10 157.76] 17-38%
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	NPV = prof ci- prof co
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ø ₂	(C)4444.
1)	NPV TOTRE.
Agi	Project A 116.35 (05.10
	Project B 17.38% 24.11%
++7	
	Project A should be accepted since it has a higher NPV.
	nigher NEV
7117	The incorrection in marking the date to dillegend
	The inconsistency in ranking is due to different in reinvestment assumption. NPV method assumes
	that cash injure of each year will be reinvested.
	at coc=10% pa whereas the IRR method assumes
	that cash in would of each year will be
	rein rested at IRR.
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			(Q4).				
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b	- Direct Wages	30000 X /12x50/.	1250
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\rightarrow	stock of FG	270000 x 3/12	67500
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	Other Manu Exp 1800000
	Income tan is to be paid out of Projets earned and hence no working capital investment is required fou it. It is not considered as part of working capital.
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7	240000 X /12 200000
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)	Q00000 X 2/12 150000 30000
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- 000	CL 290000
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	+ sayety margin 12% 84900 w C 792400
Tage 1	90-10-1000 = 100
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<u> </u>	The total cost as per GP margin is 2880000 But
	material, labour and manufacturing enpenses
141	given adds upto 2700000 it is assumed that
<u>L</u>	THE affective (see)
113.	enpenses
) It is assumed that the estimation is to be made
}	HE CO COSTUMED CHECK CHAPLY the admin & selling
	on total bass accorracted blw domestic &
	on total basis afternatively the admin & selling enpenses can be bijungated blue domestic & enpenses can be bijungated blue domestic & enpert & therefore estimate can be made on
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	Luage	FG	MIP	Total
00	Rawmaterials.	0008320000	320000	8640000
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	olneads	6240000	120006	6360000
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\rightarrow	stock of FC	1632001	00 X 8/5	1360000
->	Debtores		00 x 815	2510769
->	CASHIBANK	_	`_	25000
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	Raw materials	ung regelet perchad	900000
	Direct wages	y V	720000
	Manufacturing e	npenses	MON MS960000
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	particul ans	working	Amount
_	convert Assets	a time. Arg wip	CV 22 93 GM - C
\rightarrow	Stock of RM	900000X Y12	75000
->	Stock of FG	25 80000 x 412	215000
\rightarrow		2940000x2/12	490000
->	enepaid sales	120000 x 3/12	30000
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>	Cash & Bank	9160 go t	100000
7	Cobboerj	र्वाक कि जि	CA 910000
	current liabilities	?	
\rightarrow	creditors ONE	0000 900000 X 2/12	(50000
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	2. Processing Time	AVG WIP	280000	
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	4. Debtors Collection	ANG DYS	175000	
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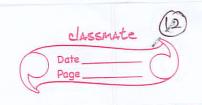
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	Cost structure	HIS PRYMENT AUG CHS	atiuasur) iz
	Raw material	60FA9117 x 78000	00009126000
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	FOH ONE	000080 X 78000	6240000
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P	current Assets	working	Amount
\rightarrow		9126000x4/52	7-2000
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- t			43 0000A
		9 126000× 2/52 x80%	280800
		3822000 x 2/52 x 60%	88200
	→ FOH.	6240000 x 2/52 x 60%	144000
\rightarrow	Stock of FG 1982	3 = 111 19188000 x 3/52 MA	1107000
-)	Debtors	19185000 ×4/52 × 6/52	1771200
\rightarrow	Cash		2 50000
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	Cost structure		
	Raw materials	120 x 54000 189	6480000
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	particulars current assets	working 000 c	Amount
\rightarrow	Stock of RM	6480000 X 2/12	1080000
\rightarrow		- 2 60000 C - MO	- 177
	RIM	6480000x712x100%	540000
	Direct Wages	1080000x 1/12x50%	45000
	overneads	2160000 X Y12 X50%	90000
\rightarrow	Stock of FG	9720000x 2/12	1620000
\rightarrow	Debtors	9720000 x 1.5/12	1215000
→	cash	630000x 401100	252000
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	Cost stewdure	600000
	Materials Dento well to	480000
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	- Manual Division Boson State	150000
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	particulars working	7/17/00/0
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(03 G)	cost 80%. (asi)	(80,000)) 2 m to a NO a	
001	eugit 18	20,000	TO OPAN DOD	this was the sac
Z-S(-)	Baddebts 10%	(10,000)		16 pmg 18 100)
8	NPBT 08-	10,000	Gendet (6)	o 1200 ha 000
72 (SE)	tan @ 50%.	(5,000)	1100 (B) (B)	Notola 0
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77	or a cost	10000 -	→ (1,00,000)	x 80% x 1.5712]
	(OCD @25%. (B)	2,500	- Los	-8-A] (60,000°
	Net Benegit A-B	2,500	5,00,000	4. Ďo 000
		/		1 (1,00,001
	The customers	proposal	should be as	cepted due to
ic	positive net b			104,000
_	NEL BENCHELLE	mentius.	à ja bouring	35,525
\rightarrow	Calculation of	Bad debt	s To	
a	(End)			
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	sales	1,00,000	1,00,000	1,00,000
\ominus	- 61	(80,000)	(80,000)	(80,000)
	lugit	20,000	20,000	20,000
(-)	Bad deste (b)	(14000)	(12000)	(8000)
	NPB7 100	6000	8000	12000
(-)	tan so	(3000)	(8000)	(6000)
	NPAT 6250	3000	4000	6000
	ou acost	10,000	10,000	(0,000
	coco (B)	3000	4000	6000
-		25 NIC	NIL	NIL
a la	Net Berefit A-B BD'/.	141/.	12 1/,	8%
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	Sources		200000	210	220 2	250
63	COST 60%	Marin Screening	(120)	(126)	(132)	(150)
	Projit	(A)	80000	84	88	100
8	Bad debts		4000,00	5.25	6.60	12.5
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	Destous @ C	ost	10000	15.75 / 0	2 022 07	37.5
	COCO @20%	/. (D)	20002	3.15	4.4	7.5
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	Coler.	enisting	buopased	luoposed
	il wosconer	1m J	2m to all	2m to new
	sares.	48,00,000	60,00,000	60,00,000
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	incu Stock	_	2,00,000	2,00,000
	Invi creditors	d Haruld	(1,00,000)	(1,00,000)
	W.C. Inviemental	u io i-cici	500,000	2,60,000
	cost of mc 40% (E	- 04018	2,32,000	1,04,000
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Dru (25 1 23 33 23 33 33 33 4667 4000 12500 14375 1 2000 22500 2875 0 2000 15000 19167 1 2000 15000 19167 1 2000 15000 19167 1 2000 15000 19167 1 2000 15000 19167 1 2000 15000 19167 1 2000 1	Du Post OSP 33333333333333333333333333333333333		Bad debts (B)	(6000)	9450 129		27600
COCD & 207. (c) 6667 6667 4333 1 12000 15000 19167 187333 191217 12000 15000 19167 A-B-C. 184000 186550 185040 189750 18323	COCD & 207. (c) 6667 6667 4333 17 18000 22300 28730 19167 187333 191217 12000 15000 19167 A-B-C. 184000 186550 185040 182250 173650 183232 191040 189750 183232		Dru Offit OSP	333333333	46667 900	12500	
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A-B-C. 184000 186550 185040 182250 173655 187333 V 191040 189750 18323	A-B-C. 184000 186550 185040 182250 173650 187333 191040 189750 183233			187333	191217		
cond:	cond:			184000			
concl: The enoposed Policy A should be selected as net benegit. is higher.	concl: The enoposed policy A should be selected as net benegit. Cs higher.		[d]-9	187333	Ohn 19	1040 189750	18323
The enoposed policy A should be selected as net benegit. is higher.	The enoposed policy A should be selected as net benefit as higher.		cond:	Gent Tig	1. 41-92	9	
net benegit : cs nigner.	net benegit : is night.		The 1	Europosed Pi	olicy A sho	illa be sele	ited as
			net beneuit	· Cs nigh	er.		
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		raj.					

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		(Q. 6	3)			
-4	Evaluación of	Drusting	M L C		<u> </u>	IV
		20d.	30	40	50	60
	gares	lap øt	10			- 0
e	sales	60	65	70	74	75
(-	-) v·C 70'/,	(42)	(45.5)	(49)	(51.8)	(52.
E	lugit @	18	19.5	21	22.2	
	ors @ cost.	2.33	3-79	5.44	7.19	8.7
H	coco @ 25%. B	0.58	0.95	1.36	1.80	
	met Benegit	17.42	18.55	19.64	20-4	47. 20.
	COLDED TO	TIT	Ō			
	Concl: Policy 1	should	he accep	ted as	met Be	neuit
	Concl: Policy III	e.	+	`		J
	J		e		Cupted	
	- particu nat	(Q 7	7)			-
		enisting		工.	I	
- 1	cares	87.5		25	118	
(-)	VC	(61.25)	(7	3.5)	(82.6)	
	Rugit A	26.25	31	.5	35.4.	
	Baddesti B Cost Dru Q Cost DTRJ	2-63	S.	25	7.88	
		8.75	6		19.67	
	COCD @ 30%. @	2-625	(, 8	?	5.901	
F	netbenegit	20.995	24.	45	21.619.	
- A suffer any	MPS 1 O	6000	V		13-9	16
	108 9				(50)	WJ
	cond:				4.01	10
=_	Policy I	should b	oe accept	ed as	net Bep	refit
	is high	rll.				1010
	LEX-GOUPLE 1-6	NO.		· VIE		87
	6 B Z	1-1		14 /-		1.5
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TO BE DISCUSSED.

classmate (1)

E 161	(Q1)	more stall	AIN! A RECO	
	CASH BUDGET.	2.3/2		Ein 1000
(a)				
	source pouticulars ones	Jan 17	Feb 17	Max 17
	opening cash Balance	545	315	65
	Aag: Receipts. (000 E)		pring t	9
	From Debtors	2070	1900	1850
	sale of Livestment	_	700	
	sale of plant	Lat Trac	owiz Fayo	50
	(A)	2615	2915	1965
	less: Payments.			
	Creai tous	1645	1355	1280
	Enperses. (-60)	. 255	210	195
	capital Enpenditure	_	800	
	payment of dividend	-10	485	
	Punchase of investments	400	OP Itees	200
	(age) (age) (b)	2300	2850	1675
_	02.5 22.5 Eve Fziva 1	4	a at Just	
	closing caen Balance (A-B)	315	65	290.
	Francisco Anni Carlon C	1 2 2 2		
	Evenue = loss strong stranger (1)	5.05		
		1.26/2		
44				
	The deliverities 1110		1 1 1 1 1	
	a fine of the different control	2.9.0		
		7.50		
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		T Use To		475
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Class	mate
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	To Material	350	420	By sales	1000	1200			
	To stores	120	144			10			
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(1)		onsume	d in yr	2:35% of sale	& DOWN				
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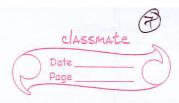
HOMEWORK.

			Q1)			
F105-	ueared funds			Cash Ba	- platnor	
1092	Timur Ava	71 an x7	8 Jan X7	ajan x7	10 Jan x7	11Jan X7
	Receipts					Hong 9
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1,12000	xitd	0 6,000	0000	0.00	180000	0
00 gb, 5.7	00017 (000(a)	130000	10000	000	180000	0
	Payments				() A	9Jd90 -
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30000	B Utd GOODS	0 2000	100 20 1 0	75000	ofto Os A sub	0
	utd	0	0	95000	0	0
	wages	0	0	0	0	12000
00003	sararies	56000	0900	90 8 O	0 1910	0
0 00 P	petty cash	200	000	1000 U	0	0
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	(b)	101200	0	170300	0 400	12000
300Pg	Cleared en clss	dada b	7 72000	0000 2 -(8)	된 Damphod	Total
	Receipts over					0 0
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000791	- 400 E	BODYTT	00015	10003 (3) t	antho dun	TOTAL
(000 B)	cleared balanuby	200000	228800	228800	28 200	238500
(c)	Cleared balance y	228800	228800	St 200	238500	226500
	(00028)		(angal) (gent (sycop	utinal ha	organing T
Ongs	uniteally junds	00010		*******	AH PO NOTE	וו מעט פר
	uncleaveed junds				Jnamilavn	THOY-
	Receipt	180000	180000	(80000	0	0
ocar	payment	(170000)	(170300)	2003 O J 1	(6500)	(6500)
	(d)	10000	9700	180000	(6500)	(6500)
Carly over E	Total book	-020.07Z	20000	25000 0 60	ra and	1011010
	balance cy	2,38,800	2,38,500		2,32000	2.20000
	bevance ey (c+d)	2,38,800	2,38,500	21381500	2(32000	2900

classmate

HOMEWORK (Q2).Monthly cash Budget For sin Months, April to sept Particulars sept Apail May June suly cash available

Receipts: opening cash Bal cash sales coulction from Debtors Payments: runases wages & salaules (0000) Interest on debt Tan payt Total payments (B) Minimum cash Balzeg Total cash needed (2) 80000 (9000) (2000) surplus (c-beginit) (6D00 (22000) Temporary Investment (64000) (16000) (35000) Liquidation of tempo--rany investment Total effect of int (64000) (16000) (35000) financing D closing cash Bas A+D-B.



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	WN			4004				
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(80%)			- 21		1201	0	100 11	[875]
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		60000					7.1	
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CAPITAL BUDGETING & RISK ANALYSIS. classmate

TO BE DISCUSSED :

(Q1) Normal YM3. You 1 Yx2 18,00,000 18,00,000 12,00,000 sales (12,00,000) (12,00,000) (8,00,000) Ex variable cost 6,00,000 6,00,000 400,000 Contreis ution E) Ained cost 6,00,000 4,00,000 6,00,000 CI x DF@10/308 0.9091 0.8264 0 0 0.7513 + 4,95,840 + 4,50,780 Profit alsomplet 3,63,640 13/10/260 13,10,260 (10,00,000) 3,10,260 sale enice lunit (a) Yel 1 yu3. Y42 17,10,000 17,10,000 sales 11,40,000 (12,00,000) (12,00,000) (-) vouiable cost (8,00,000) Contribution 5,10,000 5710,000 3,40000 (-) Fined cost 5,10,000 3,40,000 5/10,000 CI OF@101-840,17,1 0.909111118 0.7513 0.8264 Projet #5 109,094 + 4,21,464+ 4,05,702 3,83,163 H,36,260 11,13,721 11,13,721 Projet = +1,36,260 = (10,00,000) 17367260 1113721

»		(Q1)		
(6)	unit cost		ه ا	mnon :
براع.	YH2 YH	W1	442	Yr 3.
0000	sales addange	1200,000	18,00,000	- V
(00%)	vaviable cost	(8,60000)	(12,60,000	2 (1260,000)
0,000	Contribution	3,60,000	5,40,000	7,40,000
(-)	Aned cost		ort -	Daniel Co
000	CI govon 3	3,60,000	5,40,000	5,40,000
Eter	PF@101, 42 88 0	0.9091	0:8264	6)79 x0.753
084.9	Prof (I) PSPP	- 3,27,276 +	- 4,46,256	+ 04,05,702
	1/10/260	81 = =	11,79,234	
	Prof CI 11,79,	234 000.01	(L = 13)	PA REF
Θ	V		61) = 99	jova H
	1,79,		18	U II
(2)	sales volume		Redict Comit	(a) save
		421	Y42	Ye 3.
- 2	sales SRY	1140,000	17,10,000	17,10,000
0 (E)	variable cost	(7,60,000)	(11,40,000)	(11,40,000)
(000)	contects ution	3,80,000	5,70,000	5,70,000
(-)	Fined cost	70000 L	- nottax	DENNE CONFECU
	CI	3,80,000	5,70,000	5,70,000
000	or@101/ 000 0102	0.90910018	0.8264	0-7513
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(4)	Initial outlay.
	PV Of CI = 13,10,260
(-)	Prof CT = 13,10,260 Prof CO = (10,50,000) 11-009) +391 = 32
	2,60,260
	XP1 = 84CX01-121) + X01
	1), PV nA120 = 1 CX01 - 421) + X01 -
	1. 12/18/10/260 Tabatist) + Notoon
	3,10,260 - 11,37,21 ×100 = 63.35%
	3,10260
	O AVELLE
	3,10,260-1,79,234 x100 = 42.23%
	3,10,260 (001,88,72) I) 10 V9
	(000,0071) DIE V9 (3)
	3,10,260-2,44747 x100 = 21.11%
	3,10,260
	1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
	3/10/260-2,60,260 ×100 = 16.127. 00 30 NG (A)
	3,10,260 1x40000071 = from 1641111 = 1
	0000051 =
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	CI Iran biblects
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ITT	10% + (15%-10%)1.8	= (9/.	
IPF/OINT		5%- (0%) 0.60		L SIMOLO
levoler	Admin a no A		(4)	7.0
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			2.100.2.6	~ / \ (a)
-		No. of	77.	To the last
A) prof	Co Melay	160,260 cno =	0,260-2	11.81 - 13.11
I. Initia	al invst = 1	500000x1	Catil 1	Frond ees
Lina-in-		15,00,000	75400	5. 71/600
Parting.				
B). PV of (E1992 Of 1	HE SENSITIVE	om II V	9115.30.000
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CI pu	om projects.	11-3 + 0;	Though	9/28/24/
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XPVAF	DL 2.6387			
@ 19%	2.638	, ,		*
4 yers	CALETY AT			
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	PIONII	(na).	THOOIS
e-	NPV		V9W
	PVOCI	12,67,310	10 10 79
	(-) pv ej co	(11,00,000)	0) po v9(-)
	2	E1,67,310 PISS	
	E		
1	A) PV of CO		A) PV OF CO
	1. Initial	investment= 11,0	00,000×1
			00,000
	B) Prof CI	al all a	I JO V9 (8
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	1. CI juon	projects.	
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	Page
PlanIII	PLOOT
T (OT) III	20013
NPV	V9M
PV Of CI 21,14,300	I) 10 V9
(-) PV of CD (19,00,000)	6) PV 01 CO
E2/14/300 13/13	
	= 197
A) prof co	- 0040 V9 (A
I initial investment = 19,0	00,000×1
	00,000
B) PV Of CI	B) BY QL CE
B) prof (I (ash flow from bugjert	
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Yre CI. DF@ 131/.	profct
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217167 600000 2 231 00	0000469860
	0001-554480
4 1200000 0.6133	
0.00 10.00 Styles 1-10 (10.11) 14360 1	21,14300
[257/3/C]	
Concle	
PlanIII should be sele	ited because its
NPV is higher.	
Mote:	9.4
is not considered while ca	roued because it
unot considered unité ca	Iculating Ke.

HOMEWORK.

Classmate

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<u>_</u>	NPV	-		e <u>d</u>	242	Further T
	Proj	CI	50,34	1,482	800,000	180000
	Prof	(0)	(45,00	,000)	12,59,600)	(12,00,000)
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A)	Prof CO	-1-1-	900	300	6 00 00 0	Shelen
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DIVIDEND DECISION

Classmate

Date ______
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		rage
Ke		<u>(Q1)</u> . (8)
Ke	-	PD = D+CE-D)x 7Ke
Since x (10%) y ke (8%) the optimal payout ratio as per water's model is 0% but the company is not optimal. (a2) (i) $p_0 = D + (E - D) \times 1 / E$ $E = 3 + (F - 3) \times 0.15 / 0.12$ $E = E + 45.83$ (ii) Since x (015%) y ke (12%) the optimal payout ratio as per water's model is 0% price at this payout ratio will be $p_0 = 0 + (F - 0) \times 0.15 / 0.12$		Kess 4000000
Since ** (10%) > ke (8%) the optimal payout ratio as per walter's model's 0% but the company how payout 80%. The D.P. ratio of company is not optimal. (Q2) (1) Po = D + (E-D) x/ke ke = 3 + (5-3) x 0.15/0.12 0.12 = £45.83 (11) Since ** (815%) > ke (12%) the optimal payout ratio as per walter's model is 0%. puil at this payout ratio will be Po = 0 + (5-0) x 0.15/0.12 0.12		
Since x (10%) y ke (8%) the optimal payout ratio as per walter's model's 0% but the company in our payout 80%. The D.P. ratio of company is not optimal. (Q2) (1) $P_0 = D + (E - D)x^4/ke$ Ke $= 3 + (C - 3) \times 0.15/0.12$ 0.12 $= £45.83$ (1i) Since x (815%) y ke (12%) the optimal payout ratio as per walter's model is 0%, puile at this payout ratio will be $P_0 = 0 + (5 - 0) \times 0.15/0.12$ 0.12		0.08 Ke = 1 = 1 = 8%
Since x (10%) y ke (8%) the optimal payout y and y and y and y and y and y but the company y has payout 80%. The D.P. ratio of company y not optimal. (a) Po = D + (E-D) Mke Ke = 3 + (5-3) \times 0.1570.12 0.12 = x 45.83 (ii) Since x (815%) y ke (12%) the optimal payout y ratio as per water's model y 0%, puick at this payout ratio will be Po = y + (5-0) y 0.1570.12 0.12		= E131.25 PER 4.5
ratio as per walter's model's 0% but the company has payout 80%. The D.P. ratio of company is not optimal. (Q2) (i) $Po = D + (E - D) \times Me$ Ke $= 3 + (S - 3) \times 0.15 \times 0.12$ 0.12 $= E + S \cdot 83$ (ii) since $x = 0.15 \times 0.15 \times 0.12$ ratio as per walter's model is 0% puice at this payout ratio will be $Po = 0 + (S - 0) \times 0.15 \times 0.12$ 0.12		. It windend is not declared
optimal. $(Q2)$ $(i) Po = D + (E-D)x^{4}ke$ $= 3 + (5-3) \times 0.1570.12$ 0.12 $= £45.83$ $(ii) since x (@15%) > ke (12%) the optimal payout ratio as per water's model is 0%, puice at this payout ratio will be Po = 0 + (5-0) \times 0.1570.12 0.12$		Since 4 (10%) 7 ke (8%) the optimal payout
optimal. (02) (i) $Po = D + (E-D)x^d/ke$ Ke $= 3 + (5-3) \times 0.15/0.12$ 0.12 $= £45.83$ (ii) Since $x \in (E_1S^d) > ke \in (12\%)$ the optimal payout ratio as per water's model is 0%, puice at this payout ratio will be $Po = O + (5-0) \times 0.15/0.12$ 0.12		ratio as per walter's model's 0% but the company
optimal. $(Q2)$ $(i) Po = D + (E-D)x^{4}ke$ $= 3 + (5-3) \times 0.1570.12$ 0.12 $= £45.83$ $(ii) since x (@15%) > ke (12%) the optimal payout ratio as per water's model is 0%, puice at this payout ratio will be Po = 0 + (5-0) \times 0.1570.12 0.12$		how payout 80%. The D.P. ratio of company is not
(i) $Po = D + (E - D) x^4 ke$ $= 3 + (5 - 3) \times 0.15 / 0.12$ 0.12 $= \pm 45.83$ (ii) Since $\times (0.15\%) > ke$ (12%) the optimal payout ratio as per water's model is 0%, puice at this payout ratio will be $Po = 0 + (5 - 0) \times 0.15 / 0.12$ 0.12	Figer, cF	coptimal. bassaudo I in City
(i) $Po = D + (E - D) \times 1 \times $	OSEGNE	p John pris Dividuation is an one the rotal of the year
(i) $Po = D + (E - D) \times 1 \times $		
(i) $Po = D + (E-D) \times 1 ke$ $Ke = 3 + (S-3) \times 0.1570.12$ 0.12 $= \pm 4S.83$ (ii) Since $\times (0.15\%) > ke (12\%)$ the optimal payout ratio as per water's model is 0%, puice at this payout ratio will be $Po = 0 + (S-0) \times 0.1570.12$ 0.12		(212-6) (Q2) (22)
Ke = $3\% (S-3) \times 0.1570.12$ = ± 45.83 (ii) Since $\times (815\%) > \text{ke } (12\%)$ the optimal payout ratio as per water's model is 0%, puice at this payout ratio will be $90 = 0 + (S-0) \times 0.1570.12$ 0.12		
$= 3 + (5-3) \times 0.1570.12$ $= \pm 45.83$ (ii) Since $\times (0.15\%) > \text{ke } (12\%) + \text{the optimal payout}$ $= \text{ratio as per watter's model is 0%, price at this payout ratio will be}$ $= 0 + (5-0) \times 0.1570.12$ $= 0.12$		
0.12 $= £45.83$ (ii) since $x \in (5\%) > ke \in (12\%)$ the optimal payout ratio as per wanter's model is 0%, puice at this payout ratio will be $P0 = 0 + (5-0) \times 0.15 = 0.12$ 0.12		
(ii) since x (@15%) > ke (12%) the optimal payout ratio as per walter's model is 0%, price at this payout ratio will be Po = 0 + (5-0) x 0.15/0.12 0.12	- <u>-</u> į	$= 3 + (5-3) \times 0.1570.12$
(ii) since x (@15%) > ke (12%) the optimal payout ratio as per wanter's model is 0%, price at this payout ratio will be Po = 0 + (5-0) x 0.15/0.12 0.12		
Po = 0 + (5-0) x 0.15/0.12 0.12	astoriy Le	2151-11-15-837891 10 10 10 10 10 10 10 10 10 10 10 10 10
Po = 0 + (5-0) x 0.15/0.12 0.12		(ii) since x (@15%) > ke (12%) the optimal payout
Po = 0 + (5-0) x 0.15/0.12 0.12		ratio as per waiter's model is 0%, price at this
154546×1100-12 6000,060		payout ratio will be
		PO = 0 + (5-0) x 0.15/0.12
= £52.08		1 54546 × 110 0.12 6000,06
		= £52.08
	9	
	į.	

			d
	(Q3)	(04)	
	(i) P1 = PO(1+KE) -D1	0+(6-0)x7KE	= 04
	I dividend is	devoued.	
	P1 = 120 (1+0.096) -	-6.40 × (8-01) +8	
N. O	= E125.12	80-0	
	5.N 2999	Je-181==	
	If airidend is not	devlared	
ولدرز	P1= 120 (1+0.096) -1	JILY CHOID K 90	വ്2
people	10 ANT 10=0 £131.52 born	AND DEST MONTHER	O'Hone
or	D.P. radio of conspany of	sayout 80% The	up d
	(11)	1) druidend is declared	16 dividendis
		is declared	not dellared
	net income	1.60	1.60
(-)	pividen d	(0.512)	
	Available for livet	1.088	1.60
	U	0+(E-0)x/KE	= 09 (1)
	investment	3.20	3.20
	Feesh Issue required	2.((2) + 8	1.60
	Issue price	125.12	131.52
	number of shares	168798 share	121655 shares
		2	
Prout	g 10thitgo 9th (NEI) 3	E R SEICH > KI	eni2 (ii)
4114	I medel is 0% pulle of		
73		94 Mill Office and	
			+
	2	71-0/51-0 × (0-5) + 0	= 09
		0-12	
		20.023 =	
		,	
		6	

	(Q4).		
			-
	A. Carculation of mark	et peuce.	- (0/
	P1 = P0 (1+Ke) - D1		
	If dividend is de	eclauld.	1 = 52
	P1=100(1+0.10)-S	T = 205	
	If dividend is not a	redared.	r madut
	P1= 100 (1+0.10) -N		er simbory
			in creat
	B. value of the film		
	cassumed to be valu	e at the end	of the year
		11 dividend	12 dividend
	A	is declared	not declare
	met income		500000
	(Dividend	(250000)	NIL
	Available for inst	250000	500000
	0		
	investment	1000000	1000000
	Freish (some required	750000	500000
	Issue Price	(05	110
	NO OF Shares	7143 shares	4546shar
	Total no of shaves	57143 shand	
	value of firm		
	57143 X105	60,00,015	
	54546 x 110		60,00,060
.1	= E 52-D8		
=			