

**MASTER OF BUSINESS ADMINISTRATION
SECOND SEMESTER
FINANCIAL MANAGEMENT
MBA – 204**

ADDITIONAL PAGE FOR Q.P-MBA-204 FINANCIAL MANAGEMENT

3. Prepare Common Size Income Statement of Kanan Ltd. from the following information:

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Particulars	31 st March 2025 (Rs.)	31 st March 2023
A Sales	1,05,000	1,10,000
B Less: Sales return	10,000	15,000
C Net Sales: (A-B)	1,00,000	1,00,000
D Less: Cost of goods sold	70,000	74,800
E Gross Profit (C-D)		
F Less: Operating expenses	30,000	25,200
Office expenses & Selling expenses	3,000	3,200
G Net Profit before tax (E-F)		
H Less: Income tax rate (50%)	27,000	22,000
I Net Profit (G-H)	13500	11,000
	13500	11,000

4. The following is the balance sheet of XYZ company:

5+5=10

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Equity Share Capital	5,00,000	Land & Building	1,00,000
Preference share capital	2,00,000	Machinery	4,00,000
General Reserve	1,00,000	Furniture	50,000
10% Debenture	3,00,000	Inventory	3,00,000
Sundry Creditors	1,00,000	Sundry Debtors	50,000
		Cash/Bank Balance	
Total	12,00,000	Total	12,00,000

Calculate the following Ratios from the above balance sheet:

1 Current Ratio

2 Liquid Ratio

3. Debt Equity Ratio

b) Elaborate the steps involved in capital budgeting decision.

5. Chart out the differences between operating leverage and financial leverage. Given below the following data of two companies.

3+7=10

Particulars	A Ltd	B Ltd
Sales	4,00,000	3,50,000
Variable Cost	40% of Sales	40% of Sales
Fixed Cost	25,000	30,000
Interest	1,40,000	80,000

Calculate operating leverage, financial leverage and combine leverage.