



- c) Given Below is the P&L Account for ABC Corporation for the year ended 31st March 2018. Prepare a Common Size Profit & Loss Account and comment on standards/norms followed.

	<b>2018</b>
<b>Sales</b>	52,000
<b>Less: COGS</b>	32,000
<b>Gross Profit</b>	20,000
<b>Administrative Expenses</b>	2,000
<b>Rent</b>	600
<b>EBITDA</b>	17,400
<b>Depreciation</b>	1,300
<b>EBIT</b>	16,100
<b>Less: Interest</b>	100
<b>EBT</b>	16,000
<b>Tax @ 30%</b>	4,800
<b>PAT</b>	11,200
<b>Dividend</b>	500
<b>Transfer to Reserves</b>	10,700

**Q3) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

- a) Given below are financials of Ramson Ltd. Please calculate RoE using Du Pont for the year 2018. (Use Year Ending Figures)

	2018
Net Profit	600
Total Sales	7000
Total Assets	5000
Total Equity	2500

- b) What will be the sustainable growth rate for Ramson Ltd (whose financial details are given in Q3 (a). above) without changing its profitability, asset efficiency (denoted by Asset Turnover) and Leverage. And give reasons for your answer.
- c) What is 'owners Earnings'? Describe in your own words.

**Q4) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

- a) Select and write the right option from given MCQs in the answer sheet:
- |   |  |
|---|--|
| <p>a. WhatsApp messaging app will get its 'Moat' or Competitive Advantage from</p> <ol style="list-style-type: none"> <li>i. Network Effect</li> <li>ii. Brand</li> <li>iii. Distribution Network</li> </ol> <p>b. Other things being equal, If</p> | <p>RoCE &gt; after tax cost of debt, adding leverage or debt will result in RoE,</p> <ol style="list-style-type: none"> <li>i. Increasing</li> <li>ii. Decreasing</li> <li>iii. No change</li> </ol> |
|---|--|
- b) What will be the drivers of revenue for a Two-wheeler manufacturer?
- c) What is 'Operating Leverage' in a manufacturing business?

**Q5) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks**

- a) Given below is the Balance Sheet of RK Ltd for the year ended 31st March, 2018. Prepare a Common Size Balance Sheet for RK Ltd

<b>Liabilities</b>	<b>2018</b>
Capital (1,000 Shares of face value of Rs. 10)	10,000
Reserves	27,320
Equity (Total Shareholders Fund)	37,320



- a) Given below are financials of JAK Ltd. Please calculate RoE using Du Pont for the year 2016,2017 and 2018. (Use Year Ending Figures)

	2016	2017	2018
Net Profit	500	500	500
Total Sales	5000	5000	5000
Total Assets	5000	7500	10000
Total Equity	2500	2500	2500

- b) In the Question above after having calculated the RoE using Du-Pont, is the performance of JAK Ltd improving or deteriorated. Also, evaluate the quality of RoE Performance.
- c) Select the correct MCQ: Justify the choice  
Buffett has given 3 classification of Business – Great, Good and Gruesome.
1. A business which doesn't require much capital to grow has very high RoCE. This business will be:
    - a. Great
    - b. Good
    - c. Gruesome
  2. A business which has low RoCE and needs more capital to earn the similar returns i.e has extremely poor Incremental Return on Capital Employed. This business will be:
    - a. Great
    - b. Good
    - c. Gruesome

**Q7) Any two from (a) or (b) or (c) ————— (5x2) = 10 Marks.**

- a) What will be the drivers of revenue for a Hotel Business?
- b) What will be the drivers of revenue for an Airline company?
- c) What will be the similarities in the business of a Hotel, Airline and Hospital? (Think in terms of Drivers of revenue and inherent Capital intensity of Businesses, Operating Leverage). Describe in your own words.