



INTERMEDIATE EXAMINATION

PRACTICE TEST PAPER

PAPER – 11

TERM – JUNE 2026

SYLLABUS 2022

FINANCIAL MANAGEMENT AND BUSINESS DATA ANALYTICS

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option: [15 x 2 = 30]
- (i) Which of the following best describes systematic risk?
- Risk unique to a single company or industry
  - Risk that affects the entire market and cannot be diversified away
  - Risk that can be completely eliminated through diversification
  - Risk caused only by internal management errors
- (ii) What is the present value of ₹2,000 receivable 5 years hence if the discount rate is 8% per annum?
- ₹1,361.16
  - ₹1,500.00
  - ₹1,250.40
  - ₹1,600.75
- (iii) If annual effective rate of interest is 10.25 % per annum and nominal rate of return is 10% per annum what is the frequency of compounding
- 1
  - 3
  - 2
  - 4
- (iv) The face value of a 364-day T-bill is 100. If the purchase price is 86 then the yield on such a bill is
- 12.45%
  - 13.36%
  - 16.32%
  - 16.56%
- (v) From the enumerated list please select instrument which is not dealt in money market.
- Equity shares
  - Treasury Bill
  - Certificate of Deposit
  - None of the above



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- (vi) ABC Ltd. has a Current Ratio of 1.5: 1 and Net Current Assets of 5,00,000. What are the Current Assets?
- ₹ 5,00,000
  - ₹10,00,000
  - ₹15,00,000
  - ₹25,00,000
- (vii) Debt- equity Ratio is an example of \_\_\_\_\_.
- Short term solvency Ratio
  - Long term solvency Ratio
  - Profitability Ratio
  - None of the above
- (viii) Net Income Approach to capital structure decision was proposed by \_\_\_\_\_
- J. E. Walter
  - D. Durand
  - E. Solomon
  - M.H. Miller and D. Orr
- (ix) MA Ltd. has EBIT of 36 crores. The company has 7% debentures of 72 crores. Cost of equity is 12.5%. Ignore taxes. What is the overall cost of Capital? (Ignore taxes)
- 11.26%
  - 11.20%
  - 11.50%
  - 11.28%
- (x) Capital Budgeting Decisions are based on:
- Incremental Profit
  - Incremental Cash Flows
  - Incremental Assets
  - Incremental Capital
- (xi) Which of the following is not true with reference capital budgeting?
- Capital budgeting is related to asset replacement decisions
  - Cost of capital is equal to minimum required return
  - Existing investment in a project is not treated as sunk cost
  - Timing of cash flows is relevant
- (xii) X Ltd. buys 36,000 units annually in six installments at ₹1 per unit. Ordering cost is ₹25 per order and inventory carrying cost is 20% of unit value. Economic Order Quantity (EOQ) is 3,000 units. What is the annual savings if



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EOQ is used instead of the existing policy?

- ₹100
- ₹150
- ₹200
- ₹250

(xiii) If the current ratio is 2.4:1 and working capital is ₹25,20,000, find the amount of current assets and current liabilities.

- Current Assets ₹43,20,000 and Current Liabilities ₹18,00,000
- Current Assets ₹44,00,000 and Current Liabilities ₹18,50,000
- Current Assets ₹45,50,000 and Current Liabilities ₹19,00,000
- Current Assets ₹46,60,000 and Current Liabilities ₹19,30,000

(xiv) A code check ensures that data entered in a field:

- Is always numeric
- Is entered quickly
- Is stored in alphabetical order
- Matches a predefined list or format

(xv) Maps may be used for displaying

- Pincode
- Country name
- State abbreviation
- All of the above

### SECTION – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2.

- Explain the concept of hedge funds and describe their key features. [7]
- Explain the various techniques of data mining. [7]

3.

- Using the following data, Prepare the Balance Sheet of F Limited as at 31.3.2025:
  - Gross Profit 10% of Sales
  - Gross Profit = ₹ 4,40,000
  - Shareholders' equity = ₹ 40,000
  - Credit sales to total sales = 80%
  - Total turnover to total assets = 4 times
  - Cost of sales to Inventory = 10 times
  - Average collection period = 5 days, assume 365 days in a year.



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- Long-term debt =?
- Current ratio = 1.5
- Sundry Creditors = ₹ 1,20,000.

[7]

- (b) From the following summary of cash account of XL Pharma Ltd. for the year ended 31.03.2025, calculate Cash Flow from Operating Activities using Direct Method and prepare Cash Flow Statement.

Particulars	₹	Particulars	₹
To Balance b/d	5,00,000	By Cash Purchase	5,20,000
To Cash Sales	6,00,000	By Trade Payables	5,76,000
To Trade Receivables	6,40,000	By Rent	2,00,000
To Interest and Dividend	8,000	By Administrative Exp.	1,00,000
To Bank Loan	6,00,000	By Income Tax	1,20,000
To Sale of Investment	3,20,000	By Investment	3,60,000
To Trade Commission	1,60,000	By Repayment of Loan	4,00,000
		By Interest on Bank Loan	28,000
		By Balance c/d	5,24,000
	28,28,000		28,28,000

[7]

4.

- (a) Following are Balance Sheets of NELCO Ltd. for the year ended 31st March, 2024 and 2025.

(Figures in ₹)

Liabilities	2024	2025	Assets	2024	2025
Equity Share Capital	1,00,000	1,65,000	Fixed Assets (net)	1,20,000	1,75,000
Preference Sh. Capital	50,000	75,000	Stock	20,000	25,000
Reserves	10,000	15,000	Debtors	50,000	62,500
Profit & Loss Account	15,000	22,500	Bills Receivable	10,000	30,000
Bank Overdraft	25,000	25,000	Prepaid Expenses	5,000	6,000
Creditors	20,000	25,000	Cash in Bank	20,000	26,500
Provision for Taxation	10,000	12,500	Cash in Hand	5,000	15,000
	2,30,000	3,40,000		2,30,000	3,40,000

- Convert the given balance sheets into common-size balance sheets
- Analyze and interpret the significant changes between the two years

[7]

- (b) A company's share is currently quoted in the market at ₹20. The company pays a dividend of ₹2 per share and the investors expect a growth rate of 5% per year. You are required to calculate

- (i) Cost of Equity Capital of the company and

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(ii) The market price per share if the anticipated growth rate dividend is 7%.

[7]

5.

- (a) A firm whose cost of capital is 10% is considering two mutually exclusive projects A and B, the details of which are:

	Year	Project A (₹)	Project B (₹)
Initial Cost	0	2,00,000	2,00,000
Cash Inflows	1	20,000	1,00,000
	2	40,000	80,000
	3	60,000	40,000
	4	90,000	20,000
	5	1,20,000	20,000

Evaluate the two projects by computing their Net Present Value and Profitability Index at 10%.

[7]

- (b) A company is considering a new project for which the investment data are as follows:

Capital outlay                      ₹ 8,00,000

Depreciation                        20% p.a.

Forecasted annual income before charging depreciation, but after all other charges are as follows:

Year	₹
1	4,00,000
2	4,00,000
3	1,60,000
4	1,60,000
5	80,000

On the basis of the available data, set out calculations, illustrating and comparing the following methods of evaluating the return:

- I. Payback method.
- II. Rate of return on original investment.

[7]

6.

- (a) Prepare a working capital forecast from the following information:



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Production during the previous year was 20,00,000 units. The same level of activity is intended to be maintained during the current year. The expected ratios of cost to selling price are:

Raw materials	40%
Direct Wages	20%
Overheads	20%

The raw materials ordinarily remain in stores for 3 months before production. Every unit of production remains in the process for 2 months and is assumed to be consisting of 100% raw material, wages and overheads. Finished goods remain in the warehouse for 3 months. Credit allowed by creditors is 4 months from the date of the delivery of raw material and credit given to debtors is 3 months from the date of dispatch.

The estimated balance of cash to be held ₹ 4,00,000

Lag in payment of wages ½ month Lag in

payment of expenses ½ month

Selling price is ₹ 8 per unit. You are required to make a provision of 10% for contingency (except cash).

Relevant assumptions may be made.

[7]

- (b) X Ltd. purchases 1,00,000 units of material P every month to maintain a steady supply for production. The ordering cost is ₹200 per order and the carrying cost is 10 paise per unit per month.

Apply the Economic Order Quantity (EOQ) formula to determine the optimal order quantity. Further, analyze whether X Ltd. should accept a quantity discount of 1 paise per unit if the company places orders in lots of 50,000 units.

[7]

7.

- (a) The following figures are collected from the annual report of PQR Ltd.: Net

profit ₹ 60 Lakhs

Outstanding 12% Preference shares ₹ 200 Lakhs

Number of Equity shares 6 Lakhs

Return on Investment 20%

Cost of capital 16%

Examine what should be the approximate dividend payout ratio so as to keep the share price at ₹42 by using Walter's model?

[7]

- (b) The ABC Ltd. has the following balance sheet and income statement information:

Balance sheet as on March 31, 2025

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Liabilities	Amount (₹)	Assets	Amount (₹)
Equity capital (₹ 10 per share)	8,00,000	Net fixed assets	10,00,000
10% Debt	6,00,000		
Retained earnings	3,50,000	Current assets	9,00,000
Current liabilities	1,50,000		
<b>Total</b>	<b>19,00,000</b>	<b>Total</b>	<b>19,00,000</b>

Income statement for the year ending March 2025	
Particulars	Amount (₹)
Sales	3,40,000
Operating Expenses (including ₹ 60,000 depreciation)	1,20,000
EBIT	2,20,000
Less: Interest	60,000
Earnings Before Tax (EBT)	1,60,000
Less: Taxes	56,000
Net Earnings after Tax (EAT)	1,04,000

- Calculate the degree of operating, financial and combined leverages at the current sales level, if all operating expenses, other than depreciation, are variable costs.
  - If total assets remain at the same level, but sales (i) increase by 20% and (ii) decrease by 20%  
Examine what will be the earnings per share in the new situation? [7]
8. (a) Explain the six core steps involved in converting data into user-friendly information. [7]
- (b) Explain the important guidelines for doing data visualisation in the right way. [7]