

Semester :II F.Y.F.M Marks: 60 Time: 2.00 hrs

Note: All Questions are compulsory. 15 Marks each.

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Q 1 The following data are extracted from the books of two companies:

	A Co Ltd. Rs.	B Co. Ltd Rs.
Sales	3,20,000	3,00,000
Profit After Tax	12,300	15,800
Equity Capital	1,00,000	80,000
General Reserve	23,200	64,200
Long Term Debt	80,000	66,000
Creditors	38,200	54,900
Bank Loan (Short Term)	6,000	20,000
Fixed Assets	1,59,900	1,59,000
Stock	33,100	80,900
Other Current Assets	54,400	45,200

Calculate:

- Current Ratio
- Quick Ratio
- Return on Shareholders' Funds
- Fixed Assets Turnover Ratio
- Debt Equity Ratio

Comment on that.

OR

Q.1 From the data given below, compute:

- Working Capital
- Net Capital Employed
- Current Ratio
- Acid Test Ratio
- Debt-Equity Ratio

Quest Electro Ltd Balance Sheet as at 31st December 2005

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital	25,000	Fixed Assets	30,000
Preference Share Capital	5,000	Current Assets:	
Reserve and Surplus	4,000	Stores	2,000
Debentures	8,000	Sundry Debtors	1,000
Bank Loan	4,000	Cash in Hand	2,500
Sundry Creditors	1,000	Balance at a Bank	2,500
Proposed Dividends	1,000	Preliminary Expenses	8,000
Provision for Taxation	2,000	Brokerage of Shares	2,000
Contingent Liabilities	2,000	Stock in Trade	4,000
	52,000		52,000

Q.2 From the following Profit & Loss A/c of G Ltd for the years 2005 and 2006, you are required to prepare comparative statements and comment on the performance of company.

	2005	2006		2005	2006
To Opening Stock	1,60,000	2,40,000	By Sales	12,00,000	20,00,000
To Purchases	6,00,000	16,00,000	By Closing Stock	2,40,000	6,00,000
To Wages	2,00,000	3,20,000			
To Factory Exp.	1,60,000	2,00,000			
To Gross Profit c/d	3,20,000	2,40,000			
	14,40,000	26,00,000		14,40,000	26,00,000
To Salaries	20,000	24,000			

To Rent & Rates	16,000	20,000	By Gross Profit	3,20,000	2,40,000
To Carriage Outward	24,000	20,000	By Interest received	1,000	1,000
To Delivery Expenses	12,000	6,000			
To Advertisement Expenses	30,000	20,000			
To Interest on Loan	2,000	6,000			
To Loss on Sale of Asset					
To Provision for Taxation	26,000	20,000			
	76,000	56,000			
To Net Profit	1,15,000	69,000			
	3,21,000	2,41,000		3,21,000	2,41,000

OR

Q.2 Shiv Leela Ltd furnishes you with the following financial statements:

Balance Sheet as at 31st March, 1999

	Rs.		Rs.
Share Capital		Building	2,00,000
Equity	1,00,000	Less: Depreciation	<u>15,000</u>
12% Preference	50,000	Short Term Investments	40,000
Reserves & Surplus	35,000	Stock	35,000
10% Debentures (secured by mortgage)	50,000	Debtors	30,000
		Bank	10,000

Bills Payable	15,000		
Creditors for Goods	20,000		
Outstanding Expenses	10,000		
Provision for Taxation	10,000		
Proposed Dividends	10,000		
	3,00,000		3,00,000

Profit & Loss A/c for the year ended 31st March, 1999

	Rs.		Rs.
To Opening Stock	30,000	By Sales	3,00,000
To Purchases	1,80,000	By Closing Stock	35,000
To Expenses:			
Administration	25,000		
Selling	30,000		
Financing	5,000		
To Depreciation	15,000		
To Provision for Taxation	10,000		
To Proposed Dividend	10,000		
To Balance c/d	30,000		
	3,35,000		3,35,000

You are required to:

- Convert the above into common size statement in vertical form.
- Comment on above briefly.

Q.3 A firm has an investment opportunity costing Rs. 2,50,000 with following expected net cash flows (i.e., after taxes and before depreciation.)

Year	Net cash flows (Rs.)
1	60,000
2	50,000
3	40,000
4	70,000
5	60,000
6	50,000
7	40,000
8	

Using 11% as the cost of capital determine the following:

- (1) Payback Period
- (2) Net Present Value at 11% Discount Factor.

OR

Q.3 a) Explain types working capital? (8 Marks)

b) Explain factor determining working capital? (7 Marks)

Q.4 a) Explain the sources of Finance? (8 Marks)

b) Explain Leverage & Its types ? (7 Marks)

OR

Q.4 Calculate Operating Leverage and Financial Leverage from the following information.

Particulars	"A"	"B"
Sales	10,00,000	16,00,000
Variable Cost	60%	50%
Fixed Cost	2,00,000	2,50,000
Interest	50,000	75,000