

TIME: 2.00 HRS MARKS: 60

Q.1 X Ltd and Y Ltd. Are in the same line of business. Following are their Balance sheets as on 31st December 2011.

Balance Sheets as on 31st December 2011

Liabilities	2004	2005	Assets	2004	2005
Equity Share Capital	4,00,000	4,00,000	Land	2,00,000	2,40,000
12% Preference Share Capital	3,00,000	300,000	Factory Plant & Building	6,00,000	5,40,000
General Reserves	2,00,000	2,45,000	Stocks	2,00,000	3,00,000
Tax Payable	1,00,000	1,50,000	Debtors	2,00,000	3,00,000
Creditors	2,00,000	2,75,000	Cash	1,00,000	1,40,000
17% Debentures	1,00,000	1,50,000			
	13,00,000	15,20,000		13,00,000	15,20,000

You are required to rearrange the balance sheets in vertical form and calculate the following ratios for both the companies.

- a) Proprietary Ratio b) Capital gearing ratio c) Current ratio d) Debt Equity ratio e) Stock to working capital ratio

OR

Q.1 From the following Financial Statements of Akshay Ltd. prepare common size financial statements in vertical form.

Profit & Loss A/c for the year ended 31st December

	2002 Rs.		2002 Rs.
To Opening Stock	60,000	By Sales	10,00,000
To Purchases	6,20,000	By Closing Stock	90,000
To Wages	2,00,000		
To Gross Profit	2,10,000		
	10,90,000		10,90,000
To Administrative Expenses	60,000	By Gross Profit	2,10,000
To Selling Expenses	30,000	By Non-Operating Income	50,000
To Finance Expenses	10,000		
To Provision for Tax	60,000		
To Proposed Dividend	25,000		
To Retained Earnings	75,000		
	2,50,000		2,50,000

Balance Sheet as on 31st December

Liabilities	2002 Rs.	Assets	2002 Rs.
Share Capital	2,00,000	Land & Building	40,000
Reserves	1,51,000	Machinery	2,12,000
Debentures	1,00,000	Office Equipment	50,000
Current Liabilities	1,37,000	Stock	80,000
		Debtors	1,67,000
		Cash	39,000
	5,88,000		5,88,000

Q.2 Following are the Balance Sheet of ABC Ltd as on 31st March, 2004 and 31st March, 2005:

Liabilities	2004 Rs.	2005 Rs.	Assets	2004	2005 Rs.
Share Capital	4,50,000	4,50,000	Premises	4,50,000	4,25,000
General Reserve	1,30,000	1,55,000	Machinery	3,75,000	4,22,500
Profit & Loss A/c	86,250	86,500	Equipments	50,000	45,500
Loan from HDFC	1,95,000	1,75,000	Debtors	2,20,000	1,80,000
Sundry Creditors	2,75,000	2,31,250	Cash	3,000	10,000
Provision for Tax	84,250	76,250	Stock	1,10,000	84,000
			Goodwill	12,500	-
			Bank	-	7,000
	12,20,500	11,74,000		12,20,500	11,74,000

Additional Information:

- Income tax provision for the year was Rs. 75,000.
 - Depreciation on premises is provided Rs. 25,000 and on machinery Rs. 42,500.
 - Machinery purchased during the year Rs. 90,000.
 - Dividend of Rs. 25,000 paid during the year.
 - There is no sale or purchase in equipment during the year.
- You are required to prepare cash flow statement for 2005.

OR

Q.2 From the data presented below by M's Raj Ltd. Prepare Comparative Balance Sheet.

Balance Sheet as on 31st December, 1999 and 2000

Liabilities	1999 Rs.	2000 Rs.	Assets	1999 Rs.	2000 Rs.
Creditors	1,63,000	1,46,000	Cash and Bank	50,000	40,000
Outstanding Exp.	13,000	22,000	Debtors	77,000	73,000
15% Debentures	90,000	70,000	Stock	2,02,000	1,90,000
Depreciation Fund	40,000	44,000	Prepaid Expenses	1,000	2,000
Capital Reserve	6,000	7,800	Land and Building	1,00,000	1,00,000
Profit and Loss A/c	10,000	15,200	Machinery	72,000	80,000
Equity Capital	1,80,000	1,80,000			
	5,02,000	4,85,000		5,02,000	4,85,000

Q.3 Rearrange the Balance Sheets in vertical form and calculate the trend percentage taking 2003 figures as 100 and briefly comment on the same.

Liabilities	2003	2004	2005	2006	Assets	2003	2004	2005	2006
Equity Share Capital	20	22	24	24	Land and Building	8	8	7	9
12% Preference Share Capital	4	2	1	1	Plant and Machinery	28	25	22	23
Reserve and Surplus	15	18	24	26	Furniture	5	6	5	4
13% Debentures	12	10	5	3	Current Assets	20	23	32	31
Current Liabilities	10	10	12	13					
	61	62	66	67		61	62	66	67

Calculate trend percentage to full integer.

OR

Q.3 Calculate Combine Leverage from the following information.

Particulars	"x"	"y"
Sales	6,00,000	7,50,000
Variable Cost	75%	80%
Fixed Cost	25,000	30,000
Interest	20,000	25,000

Q.4a) Explain types of working capital? (8 Marks)

b) Explain the sources of Finance? (7 Marks)

OR

Q.4 You are required to prepare a statement showing the estimate of working capital required to finance the level of activity of 36,000 units per year from the following information, obtained from the Books of HOND AUTO LTD.

Particulars	Per Unit Rs.
Raw Materials	6
Direct Labour	3
Overheads	2
Total Cost	11
Profit	4
Selling Price	15

- (i) Raw materials are in stock on an average for two months.
- (ii) Materials are in process on average for half a month.
- (iii) Finished Goods are in stock on average for two months.
- (iv) Credit allowed by creditors is two months.
- (v) Credit allowed to Debtors is three months.
- (vi) Lag in payment of wages is half month.
- (vii) Cash on hand and at bank is expected to be Rs.10,000/-.
- (viii) 25% of the total output sold against cash