

TIME: 2.00 HRS MARKS: 60

FYFM-II

Management Acc.

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

Balance Sheets as on 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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            | 30,000   |
|                     |          | 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 31<sup>st</sup> March, 2004 and 31<sup>st</sup> 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 31<sup>st</sup> 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

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<br>Rs. |
|---------------|-----------------|
| Raw Materials | 6               |
| Direct Labour | 3               |
| Overheads     | 2               |
| Total Cost    | 11              |
| Profit        | 4               |
| Selling Price | 15              |

Raw materials are in stock on an average for two months.

Materials are in process on average for half a month.

Finished Goods are in stock on average for two months.

Credit allowed by creditors is two months.

Credit allowed to Debtors is three months.

Lag in payment of wages is half month

Cash on hand and at bank is expected to be Rs.10,000/-.

25% of the total output sold against cash