Note : 1. All Questions are compulsory
2. Figures to right indicate full

Q.1 A) Multiple choice Question (5)

1. __________ are the main users of internal analysis of financial statement
   a. Creditors and lenders
   b. Owner and Manager of company
   c. Both a and b
   d. None of the above
2. __________ is also known as financial statement
   a. Fund Flow Statement
   b. Income Statement
   c. Balance Sheet
   d. Cash Flow Statement
3. Capital employed is equal to __________
   a. Current assets + Current liabilities
   b. Net Worth + Loan Funds
   c. Preference Capital
   d. None of the above
4. Parties interested in Ratios __________ times
   a. Government
   b. Insolvent Manager
   c. Child
   d. All of the above
5. The ratio which indicates the relation between loan funds and proprietors funds __________
   a. Debt. Equity Ratio
   b. Quick Ratio
   c. Proprietors Ratio
   d. Current Ratio

B) Match the following (5)

A	B
1. Prop. Funds	1. ROI (Return on Income)
2. 6% Govt. Securities	2. Share Capital + reserve – Misc Exp
3. Short term creditors	3. Times interest eamed ratio
4. Interest average ratio	4. Investment
5. Test of profitability	5. Liquid ratio

C) State Whether following statements are True or False (5)

1. Common size analysis expression item in the balance sheet as an index relative to the base year
2. Assets are equal to liabilities plus owners equity
3. Total for the net income additional investment and withdrawals are found on the statement of owner equity
4. In calculation of Acid test ratio, Inventory is included in current assets.
5. Net worth means capital employed.

Q.2 A) From the following information given below prepare a balance sheet in a vertical form suitable for analysis. (15)

PATICULARS	Rs
Current Account with Bank Of India	50000
Land and Building	800000
Advance Payment	62000
Stock	2,73,000
Creditors	406000
Debtors	523000
Bills Receivable	21000
Plant and Machinery	544000
12% Debentures	250000
Loan from a director	52000
Equity Share Capital	1000000
Profit and loss Account	217000
Trade Investment	20000
Proposed Divided	86000
Advance Tax	100000
Provision for Taxation	264000
Bills Payable	18000
General Reserve	100000

OR

A) From the following Information Prepare Common Size Income Statement (8)

Profit and Loss Account for the year ended31-3-2001

Particular	Rs	Particular	Rs

To Opening Stock	35000	By Sales	2100000
To Purchase	825000	By Closing Stock	40000
To Wedges	425000		
To Customer Duty	170000		
To Factory Expense	200000		
To Administrative Exp.	180000		
To Selling Expenses	105000		
To Financial Expense	25000		
To Loss on sale of plant	75000		
To Net Profit	100000		

B) From the following Balance sheet of Amey Ltd for the year ended 31st March 2004 & 2005 Prepare comparative balance sheet in vertical form and give your comments on them. (7)

Balance Sheet

Liabilities	2004 Rs	2005 Rs	Assets	2004 Rs	2005 Rs
Equity Share Cap.	400000	400000	Plant	300000	270000
10% Pref. Share Cap	300000	300000	Land & Building	400000	370000
General Reserve	200000	245000	Furniture	100000	140000
Tax Payable	100000	150000	Stock	200000	300000
Creditors	150000	200000	Debtors	200000	300000
17% Debentures	100000	150000	Cash	100000	140000
Bills Payable	50000	75000			
	13000000	1520000		1300000	1520000

Following is the balance sheet of a Company as on 31-3-2006

The Following are the comparative profit and Loss Accounts of Raghu Limited (15)

	Rs.

Source of Funds	
Share Capital	500000
Reserve and Surplus	200000
10% Mortgage Debentures	110000
Total Funds Employed	810000
Application of funds	-
Goodwill	50000
Patent Rights	10500
Land and Buildings	150000
Plant & Machinery	200000
Furniture	150000
Net Fixed Assets	560500
Stocks	173000
Sundry Debtors	240000
Bills Receivables	110000
Cash in Hand	5000
Cash in Bank	10000
	538500
Sundry Creditors	200000
Provision for Tax	50000
Bank Overdraft	39000
	289000
Total net Assets owned	810000

Sales are Rs.10, 00,000. Operating expenses are Rs. 100000. Costs of goods sold are Rs. 600000.

Calculate:

a. Current Ratio
b. Stock Turnover Ratio
c. Debtors Turnover Ratio
d. Debt Equity Ratio
e. Gross Profit Ratio

OR

Q. 3 A) 1) The current ratio of busy Ltd. Is 4.5 and liquid ratio is 3:1. Inventory is Rs. 600000. Calculate the curr Liabilities. (8)

2) Total Current liabilities of Beta Ltd are Rs. 1000000 and acid test ratio is 3:1. Inventory is Rs. 500000 find out current assets and compute the current ratio.

3) Inventory of Delta ltd is Rs. 600000. Total liquid assets are Rs.2400000 and liquid ratio is 2:1 work out the cu ratio

A) Liquid ratio of Alpha ltd is 2:5. Inventory is Rs. 1200000. Current ratio is 4:1. Assume there is no bank overdraft. Find out the current liabilities

B) Debtors velocity: 3 Months, Stock velocity: 8 times, Gross Profit ratio : 25% (7)

Gross profit for the year is Rs. 160000. There are no long term loans or overdraft. Reserves and surplus amounted to Rs. 56000 and liquid assets are Rs. 200000. Closing stock is Rs. 4000 more than the opening stock.

Bills receivable is Rs. 10000 and Bills payable of Rs. 4000

Compute:

1. Sales
2. Sundry Debtors
3. Closing Stock
4. Bank Balance

A Prepare aCash budget of Anmol ltd from March 2013 to August 2013. (15)

	SalesRs	Selling Expenses Rs.	Purchase Rs	Wages Rs	Factory Expenses Rs.	Administrative Exp Rs
January	170000	7000	80000	15000	10000	5000
February	160000	7500	84000	16000	11000	5500
March	182000	6500	83000	16800	8000	4500
April	155000	6800	83000	12000	10500	4750
May	165000	7400	76000	18000	12000	5400
June	200000	7000	68000	16000	9600	5700
July	180000	6000	70000	17000	8000	5000
August	220000	5500	58000	16500	9600	5500

Other Information:

. Opening cash Balance on 1st March 2013 Rs. 20000.
. Period of credit allowed to customer and suppliers- one month
. Lag in the payment of factory expenses, administrative expenses and selling expenses- one month
Machinery purchased for Rs. 30000 in March payable on delivery
Building purchased in April for Rs, 150000 payable in two equal installment in May & July
5% Commission of sales payable two months after sales
Delay in the payment of Wages- One month

OR

Q - 4 The expenses budgeted for production of 100% capacity in a factory given below: (15)

	At 100% Capacity Rs
Materials	1200000
Labour	400000
Variable Expenses (Direct)	80000
Variable Overheads	400000
Fixed Overheads	160000
Administrative Expenses (fixed)	80000
Selling Exp. (10% Fixed)	240000
Distribution Expenses (20% Fixed)	120000

Prepare a budget for the production of:

a. 60% Capacity

b.80% Capacity

Q.5 Short Notes (Any 3) (15)

1. Importance of financial Management
2. Advantage of Common size statement
3. Current Ratio
4. Source of short term finance
5. Redeemable Debentures