Q.1

A) State Whether True or False Any 8 8 Marks

1. Patents is shown under Application of funds in the vertical balance sheet.
2. For an oil company, stock of oil is a liquid asset.
3. Common size statement is used for both vertical and horizontal analysis.
4. Trend income statements indicate growth and decline better than common-size statements.
5. General expenses is an operating expense.
6. Creditors turnover Ratio includes only sundry creditors, it excludes bills payable.
7. A current ratio lower than 1:1 shows under-trading.
8. Quick Ratio = Current Assets / Current Liability
9. Preference share capital is a long term source of finance.
10. Notes payables are a Short term source of finance.

B) Match the following. Any 7 7 Marks

COLUMN A	COLUMN B
1.Goodwill	1.Long Term Decision
2.Working Capital	2. Efficiency Ratio
3.Direct Wages	3.Long Term Source of Finance
4. Capital Employed	4.Earlier years as a base year
5.Collection from Debtors	5.Non- operating Income
6.Capital Budgeting	6. Add to the receipts
7.Net profit ratio	7. Shareholders fund + Borrowed Fund
8.Debentures	8. Variable Expenses
9.Trend Analysis	9. Current Assets – Current Liabilities
10.Commission Recived	10. Intangible Assets

Q.2 Prepare cash budget of Suraj ltd., for the months of April, May and June 2016. 15 Marks

Month	Sales	Purchase	Wages	Expenses
January	1,60,000	90,000	40,000	10,000
February	1,60,000	80,000	36,000	12,000
March	1,50,000	84,000	44,000	12,000
April	1,80,000	1,00,000	48,000	14,000
May	1,70,000	90,000	40,000	12,000
June	1,60,000	70,000	36,000	10,000

You are informed that:

25% of the purchases and sales are on cash.

The average collection period of the company is 1 month and credit purchase paid off regularly after 1 month.

Time lag in payment of wages is 1 month.

Rent of Rs. 2,000 is payable every month.

Cash and Bank Balance as on 31st March 2016 was Rs. 3,50,000.

Dividend received in May is Rs. 15,000.

Professional fees are to be paid in June Rs. 10,000.

Expenses are paid in the same month.

OR

Q.2 The Expenses Budgeted for Production of 100 % capacity in a factory are Given belo Marks

	At 75 % Capacity
Material	6,00,000
Labour	2,00,000
Variable Expenses (Direct)	40,000
Variable Overheads	2,00,000
Fixed Overheads	80,000
Administrative Expenses (Fixed)	40,000
Selling Expenses (10% Fixed)	1,20,000
Distribution Expenses (20% Fixed)	60,000

Prepare a budget for the production of: (a) 50% capacity (b) 100 % capacity

Q.3 From the following Balance sheet Prepare Comonsize statement. 15 Marks

Particular	2010 (Rs.)	2011 (Rs.)
Liabilities		
Equity share capital	6,00,000	12,00,000
12% preference share capital	5,00,000	9,00,000
Reserve fund	4,00,000	5,00,000
Profit and loss A/c	2,00,000	3,00,000
Long term loans	2,00,000	5,00,000
Creditors	1,00,000	3,00,000
Total	**20,00,000**	**37,00,000**
Assets		
Building	6,00,000	12,00,000
Machinery	4,00,000	8,00,000

Investment	4,00,000	5,00,000
Accounts Receivable	1,00,000	4,00,000
Cash at bank	50,000	1,50,000
Stock	4,50,000	6,50,000
Total	**20,00,000**	**37,00,000**

OR

Q.3

A) From the following data calculates the Trend Percentage. 8 Marks

Particulars	**Amt 2009**	**Amt 2010**	**Amt 2011**
Sales	5,00,000	6,00,000	7,50,000
COGS	1,50,000	2,50,000	3,50,000
Selling Expenses	50,000	75,000	1,00,000
Administrative Exp	25,000	30,000	40,000
Non – operating Exp	15,000	20,000	10,000

B) The income statements of a Concern are given for the two years ending on 31st Dec,2010 & 2011.You required to prepare a Comparative statement. 7 Marks

Particulars	**Amt 2010**	**Amt 2011**
Sales	7,50,000	9,00,000
Cost of goods sold	4,25,000	450,000
Selling & Distribution Exp	60,000	1,80,000
General Exp	25,000	45,000

Q.4 Following is the summarized Balance Sheet and Revenue statement of ABC Ltd for the year ended 31st March, 2015: 15 Marks

Liabilities	**Amount**	**Assets**	**Amount**
Share Capital (F.V. 10)	160,000	Fixed Assets	150,000
Reserve and Surplus	40,000	Current Assets	2,00,000
10% Debentures	50,000		
Current Liabilities	100,000		
	3,50,000		**3, 50,000**

Revenue statement for the year ended 31st March, 2015:

Sales	3,00,000
Less: Cost of Goods sold	1,20,000
Gross Profit	1,80,000
Operating Expenses	90,000
Net Profit Before Tax	90,000
Tax	36,000
Profit After Tax	54,000
Dividend	24,000
Retained Earning	30,000

You are required to calculate the following ratios :

(a) Current Ratio (b) Proprietary Ratio (c) Debt Equity Ratio

(d) Gross Profit Ratio (e) Operating Ratio (f) Return on Proprietors Equity Ratio

(g) Net Profit Ratio h) Dividend Payout Ratio

OR

Q.4

A) From the following information prepare common size income statement 8 Marks

Particulars for the year end 31-03-16	Amount
Sales	4,20,000
Sales Return	20,000
Admin Expenses	1,50,000
Selling Expenses	75,000
Income Tax	60,000
Net Profit After Tax	1,15,000

B) 7 Marks

The Income statement of a Concern are given for the two years ending on 31st Dec. 2010 & 2011.

Particular	Amt	Amt
Sales	6,00,000	7,50,000
Cost of goods sold	4,50,000	5,00,000
Selling and distribution Exp.	50,000	75,000
General Expenses	25,000	25,000
Tax Rate 40%		

You required to calculate the following ratios for both the years.

1) Gross Profit Ratio 2) Net profit Ratio 3) Operating Ratio

Q.5 Short notes any 3 15 Marks

1) Long Term Sources of Finance

2) Short Term Sources of Finance

3) Functions of Financial Manager

4) Balance sheet Ratio

5) Preference Shares

—— The End ——