

Time: 2 ½ Hours

SYFMG SEM III

Total Marks: 75

15/10/19

Note: 1. All questions are compulsory.

2. Figures to the right indicate full Marks.

3. Working note should be part of Answer.

Q.1 A) State whether True / False (Any 8)

(8 Marks)

1. Building is show under "Application of Funds" in the Vertical balance sheet .
2. Common size statement is used for both horizontal and vertical analysis.
3. A financial statement for one company that shows two or more years in a side by side format is called a comparative financial statements
4. Interest paid on loans reduces the Cash flow for financing activities.
5. Working Capital= Current assets + Current Liabilities.
6. The write off bad debts will increase the current ratio.
7. The cash conversion cycle cannot be negative.
8. Working capital refers to the firm s long term capital.
9. In a balance sheet fictitious assets are includes under fixed assets.
10. An outstanding expense is the current assets in balance sheet.

Q.1 B) Match the followings: (Any 7)

(7 Marks)

Group A	Group B
1. Financial Statements	Non-quick assets
2. Stock to working capital ratio	Direction of Data
3. Prepaid expenses	Less from share capital
4. Trend Analysis	Borrowed fund
5. Long Term Liabilities	Financial Position
6. Liberal dividend policy	Balance sheet Ratio
7. Assets Purchased	Dividend Payout ratio is high
8. Gross Working capital	CL- Bank overdraft
9. Calls in arrears	Direction of data
10. Quick Liabilities	Investment Activities

Q.2 The following balances appear in the books of M/s Kadu & Bros. at 31st March, 2014. You are required to prepare Balance Sheet, in a form suitable for Financial Analysis. (15 Marks).

Particulars	Rs.
Cash and Bank	12,000
Land and Building at cost less depreciation	80,000
Prepaid Expenses	20,000

Stock	60,000
Trade Creditors	8,000
General Reserve	28,000
Debtors	36,000
Preliminary Expenditure	6,000
Plant and Machinery at cost less depreciation	1,04,000
Term Loan from Bank	70,000
Bank Overdraft	36,000
Capital	1,60,000
Profit & Loss A/c	32,000
Marketable Investments	20,000
Furniture	36,000
Provision for Tax	32,000

Present the above Balance Sheet in vertical form and show the following:

1. Net worth
2. Borrowed Fund
3. Capital Employed
4. Net Block
5. Working Capital
6. Fictitious Assets

OR

Q.2 a) From the following information prepare a Comparative Statement of ABC Ltd. (8 Marks)

Particulars	31/03/2015	31/03/2014
Sales	3,30,000	3,00,000
Cost Of Goods Sold	2,50,000	2,40,000
Office & Administrative & Selling Exp	18,000	15,000
Non- Operating Income	50,000	40,000
Non- Operating Expenses	40,000	30,000
Tax Rate	50%	50%

Q.2 b) M/s Anuj carrying on business, furnished their position as on 31st march 2012, 2013, 2014

Balance Sheet as at 31 st March (7 Marks)

Particulars	2012 Rs.	2013 Rs.	2014 Rs.
Assets			
Fixed Assets	30,000	25,500	43,800
Investments	13,000	13,000	18,400
Current Assets	27,000	33,200	18,900
	70,000	71,700	81,100

Liabilities	33,000	31,350	41,000
Share Capital	27,000	28,350	9,500
Debentures	10,000	12,000	30,600
Liabilities for Expenses			
	70,000	71,700	81,100

Prepare trend Balance sheet in Vertical form.

Q.3 The summarized final accounts of two companies are as follows:

(15 Marks)

Balance Sheet

Liabilities	X Ltd.	Y Ltd	Assets	X Ltd.	Y Ltd
Share Capital	88,000	88,000	Fixed Assets	1,21,000	96,800
Reserves	42,900	35,200	Current Assets	1,25,400	1,03,400
8% Debentures	22,000	22,000	Less: Current Liabilities	93,500	55,000
	1,52,900	1,45,200		1,52,900	1,45,200

Revenue Statement for the Year

Particulars	X Ltd.	Y Ltd
Sales	3,30,000	2,64,000
Less: Cost of Sales	2,37,600	1,98,000
Gross Profit	92,400	66,000
Less: Operating Expenses	63,800	44,000
Net Profit before Tax	28,600	22,000
Less: Tax	12,100	9,240
Profit after Tax	16,500	12,760
Less: Dividend	8,800	6,600
Retained Earning	7,700	6,160

You are required to calculate the following ratios.

- (1) Proprietary ratio.
- (2) Capital gearing ratio.
- (3) Gross profit ratio.
- (4) Operating ratio.
- (5) Return on capital employed ratio.
- (6) Return on proprietors' equity ratio.
- (7) Expenses ratio.
- (8) Net profit ratio.

OR

Q.3 Following is the Balance Sheet of Bliss and Happiness Ltd., as at 31st March, 2013.

Balance Sheet as on 31st March, 2013 (15 Marks)

Liabilities		Assets	
Equity Share Capital	10,000	Machinery	2,96,000
General Reserve	70,000	Investments	1,12,000
10% Preference Capital	1,80,000	Stock in Trade	1,01,000
15% Debentures	1,20,000	Bills Receivable	20,000
Trade Payables	1,22,000	Trade Receivables	49,000
Bank Overdraft	20,000	Cash and Bank	38,000
Provision for Tax	18,000	Profit and Loss A/c	14,000
Total	6,30,000	Total	6,30,000

Sales for the year Rs. 7,00,000; Gross Profit Rate - 25% and Opening Stock is Rs. 1,09,000. Profit Before Tax for the year ending 31-3-2013 is Rs. 2,10,000. You are required to compute the following ratios and comment on Current Ratio.

- Current Ratio
- Acid Test Ratio
- Stock Turnover Ratio
- Capital Gearing Ratio
- proprietary Ratio
- Debt Equity Ratio (Debt / Net worth)
- Return on Capital Employed Redrafting the given Balance Sheet in vertical format is not expected.

Q.4 The following are the particulars of Ajay & Company for the year 2018-19. Calculate the working capital estimate for annual sales of 156,000 units. (15 Marks)

1. Cost Sheet

Particulars	Rs. (per unit)
Raw Material	4
Wages	2
Overheads	3
Profit	3
Selling Price	12

2. Production and Sales take place evenly throughout the year.

3. Raw Material is on eight weeks credit.

4. Raw Material remains in stock for eight weeks.

5. Processing period is of two weeks, wherein Raw Material, Wages and Overheads accrue evenly.

6. Finished' Goods remain in stock for ten weeks.

7. Customers are given nine weeks credit.
8. Time lag in payment of wages is four weeks.
9. Time lag in payment of overheads is two weeks.
10. Cash and Bank Balance is maintained at Rs. 15,000.
11. Calculate Debtors on sales.

OR

Q.4 Following are Summary Balance Sheets of Z Ltd. as on 31 st March 2013 and 31 st March, 2014.

(15 Marks)

Liabilities	2013	2014	Assets	2013	2014
Share Capital	20,00,000	20,00,000	Land and Building	20,00,000	19,00,000
General Reserve	6,00,000	6,00,000	Plant and Machinery	16,00,000	14,00,000
Profit and Loss Account	3,04,000	2,00,000	Sundry Debtors	6,16,000	10,28,000
Bank Loan	6,00,000	7,00,000	Equipments	1,60,000	1,40,000
Provision for Tax	2,00,000	2,00,000	Stock	2,80,000	4,00,000
Proposed Dividend	1,00,000	80,000	Cash	40,000	12,000
Sundry Creditors	9,20,000	11,00,000	Goodwill	28,000	--
Total	47,24,000	48,80,000	Total	47,24,000	48,80,000

Additional Information:

- (1) Dividend of Rs.1,00,000 was paid during the year ended 31 st March 2014.
 - (2) Depreciation was provided on Land and Building, Plant and Machinery & Equipments for the year ended 31 st March 2014.
 - (3) Machinery of Rs. 1,00,000 and equipment of Rs.40,000 were acquired during the year ended 31 st March 2014.
 - (4) Income Tax provision was made for the year ended 31st March 2014 of Rs. 2,60,000.
- Prepare Cash Flow Statement by Indirect Method as per AS-3 for the year ended 31 st March 2014.

Q.5 Answer the following:

1. Explain the factor determining working capital? (8 Marks)
2. Limitation of Ratio analysis? (7 Marks)

OR

Q.5 Write short notes (Any 3) (15 Marks)

1. Balance sheet
2. Dividend Payout Ratio.
3. Gross working Capital
4. Financial Activities
5. Technique of financial analysis.