Q.1 Following are the financial statements of a Ashu Trading Company for the year ended 31st March 2010 — 15

Profit and loss Account for the year ended 31st March 2010.

Particulars	Amount	Particulars	Amount
To Opening Stock	60000	By Sales (Net)	800000
To Purchases	620000	By Closing Stock	75000
To Freight	13000	By Dividend on Investment	2000
To Carriage Inward	7000	By Sale of scrap	4300
To Administrative expenses	72000		
To Selling and distribution expenses	38500		
To Loss on sale of bonds	3800		
To Net profit c/d	62500		
	881300		881300

Balance Sheet as on 31st March 2010

Liabilities	Amount	Assets	Amount
6% Preference Share Capital	250000	Fixed Assets	600000
Equity Share Capital	300000	Investments	169000
General Reserves	105500	Stock	40500
Profit and Loss A/c	14750	Sundry Debtors	105100
8% Debentures	175000	Advances	700
Bank overdraft	80000	Cash	52200
Sundry Creditors	53250	Preliminary expenses	11000
	978500		978500

Calculate the following Ratios :

a) Current ratio
b) Quick ratio
c) Proprietary ratio
d) Capital Gearing ratio
e) Gross Profit ratio
f) Operating ratio
g) Net Profit ratio
h) Debtors turnover ratio
i) Creditors turnover ratio

Q.2 a) **Fill in the blanks with appropriate words:** — 8

1) Dividend declared between two annual general meetings is termed as ________

a) stock dividend b) cash dividend c) interim dividend d) liquidation dividend

2) Patents is an example of ________ asset

a) tangible b) intangible c) fictitious d) current

3) Inventories are also termed as ________

a) stock b) fixed asset c) current asset d) debentures

4) Shares is a ________ securities

a) creditorship b) government c) ownership d) none

(PTO)

5) Working capital is ____________ source of finance.
   a) short term source b) medium term source c) long term source d) none
6) An ideal current ratio must be ____________
   a) 1:2 b) 1:3 c) 1:1 d) 2:1
7) Dividend is distribution of ____________
   a) profit before tax b) profit after tax
   c) income of the company d) return on debentures
8) A stock exchange is a ____________ market
   a) primary b) secondary c) tertiary d) all of the above

b) State wheather statements are true or false:

1) Dividend is declared on market value of shares.
2) Fund flow statement is mandatory India.
3) The ultimate goal of financial management is wealth maximization of share holders.
4) An ideal liquid ratio must be 1:2
5) Right shares are issued free of cost.
6) The abbreviation "NAV" in a mutual fund stands is New Asset Value.
7) Present Value of rupee is always greater than its future value.

Q. 3 From the following pertaining to Ankit Ltd., prepare a statement showing the working capital requirements:

Budget sales	Rs. 1,30,000
Analysis of sales (per unit)	Rs
Raw material	3
Direct labour	4
Overhead	2
Total cost	9
Profit	1
Sales price	10

It is estimated that :

1) Raw materials in stock for 6 weeks and fineshed goods for 4 weeks.
2) Factory processing takes 6 weeks.
3) Suppliers allow 8 weeks credit.
4) Customers are allowed 8 weeks credit.

Assume that production and overhead's accure evenly throughout the year.

OR

Q.4 Profit and Loss A/c of Smarty Company Limited 15

Particulars		Particulars	Amount
To opening stock	xxx	By sales	xxx
To purchases	xxx	By closing stock	xxx
To carriage	xxx	By interest on bonds	xxx
To Freight	xxx	By dividend on shares	xxx
To staff salaries	xxx	By profit on sale of shares	xxx
To interest on debentures	xxx		
To rent	xxx		
To printing and stationery	xxx		
To advertising	xxx		
To sales discount	xxx		
To depreciation	xxx		
To insurance	xxx		
To electricity	xxx		
To salesmen's travelling expenses	xxx		
To bad debts	xxx		
To telephone expenses	xxx		
To legal charges	xxx		
To directors fees	xxx		
To loss on sale of bonds	xxx		
To provision for claim for damages	xxx		
To net profit	xxx		

Present the above in vertical form

Q.5 a) Distinguish between cash flow statement and fund flow statement.

b) Discuss the different methods of capital budgeting.

OR

Q.6 **Short notes on : (any 3)**

a) Qualities of finance manager

b) Components of cost of capital

c) Working capital cycle

d) Objectives of financial management.