

(REVISED COURSE-OLD PATTERN)

(3 Hours)

[Total Marks : 100]

- N.B.:** (1) Question No. 1 is **compulsory**.
 (2) Solve any **four** questions from Question No. 2 to 8.
 (3) In all **5** questions to be solved.
 (4) **All** questions carry **20** marks **each**.
 (5) **All** working notes should form part of your answer.

1. Rearrange the following into a comparative statement for M/s. Autoriders Ltd.

Particulars	1 April, 2010 ₹	31 st March, 2011 ₹
Trademarks	7,00,000	2,90,000
Plant and Equipment	80,000	90,000
Business Premises	2,00,000	1,08,000
Land	10,00,000	12,00,000
Inventories	2,00,000	1,90,000
Accounts Receivables	1,00,000	60,000
Cash and Bank	1,60,000	1,90,000
	24,40,000	21,28,000
Equity Share Capital	10,00,000	12,00,000
5% Preference Share Capital	6,00,000	Nil
Reserves	2,40,000	4,08,000
10% Debentures	1,60,000	1,20,000
Accounts Payable	2,40,000	1,60,000
Provision for Tax	1,00,000	1,20,000
Proposed Dividend	1,00,000	1,20,000
	24,40,000	21,28,000

2. Prepare Cash Budget of Suman Ltd. for 3 months commencing from April with the help of following information :

Month	Sales (₹)	Purchases (₹)	Wages (₹)
March	8,00,000	2,50,000	Nil
April	3,00,000	3,20,000	80,000
May	4,00,000	3,20,000	80,000
June	4,00,000	4,80,000	1,00,000
July	12,00,000	4,00,000	1,00,000

- (a) Cash sales are 25% of total sales.
 (b) 60% of credit sales are collected in the same month and balance 40% in the following month.
 (c) Payment for purchases is made 40% in the same month and balance 60% in the following month.
 (d) Interest @6% on debentures of ₹ 2,00,000 is paid in the month of June.
 (e) Rent of ₹4,000 per month.
 (f) Dividend received in the month of May ₹ 22,000.
 (g) Cash Balance as on 31st March is ₹ 2,00,000

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3. A factory produces 50,000 units during the year and sells them for ₹ 5 per unit. Cost structure of a product is as follows :

	Per unit
Raw Materials	50%
Labour	25%
Overheads	<u>10%</u>
Total cost	85%
Profit	<u>15%</u>
Sales	100%

The following additional information is available :

- The activities of purchasing producing and selling occur evenly throughout the year.
- Raw materials equivalent to 1 months supply is stored in godown.
- The production process takes one month.
- Finished goods equal to three months production are carried in stock.
- Debtors get 2 months credit.
- Creditors allow one and half months credit.
- Time lag in payment of wages and overheads is $\frac{1}{2}$ month.

Prepare an estimate of working capital requirement.

4. You are furnished with the following information :

Fixed cost for a period ₹ 15,000

Variable cost per unit ₹ 30

Selling Price per unit ₹ 60

Actual units sold 2250 units.

Determine :

- P/V Ratio
- Break-even point
- Margin of safety sales in units and in rupees
- Profits, if the sales are 750 units
- Sales, if profit is ₹ 45,000
- New BEP if selling price increases by 25%.

5. The following are the summarized Balance Sheets of ABC Ltd. as on 31st March, 2009 and 2010.

Particulars	2009 (₹)	2010 (₹)
Share Capital		
General Reserve	2,00,000	2,00,000
Debentures	5,000	10,000
Provision for Taxation	1,00,000	1,00,000
Sundry Creditors	4,000	6,000
Bank Overdraft	25,000	30,000
Provision for Doubtful Debts	500	1,000
Proposed Dividend	500	600
Total	15,000	12,400
Assets	3,50,000	3,60,000
Land		
Plant and Machinery	1,20,000	1,30,000
Goodwill	50,000	65,000
Stock	14,000	12,000
Bills payable	50,000	70,000
Sundry Debtors	26,000	23,000
Cash	50,000	40,000
Prepaid Expenses	20,000	10,000
Preliminary Expenses	8,000	10,000
Total	12,000	Nil
	3,50,000	3,60,000

- (1) A machinery worth ₹ 15,000 was purchased during the year.
- (2) An old machinery having written down value ₹ 500 was sold for ₹ 2000.
- (3) Land costing ₹ 36,000 was sold for ₹ 70,000 during the year.
- (4) Proposed dividend of last year has been paid during the year.

You are required to prepare :

- (a) A statement showing changes in working capital and
- (b) A statement of sources and application of funds for the year ended 31st March, 2010.

6. Write short notes on the following (any four) :—

- (a) Motives for holding cash
- (b) Features of financial statements
- (c) Internal financing
- (d) Inter corporate deposits
- (e) Profitability Ratios
- (f) Types of working capital.

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7. (a) Explain the different types of Debentures.
 (b) What are the advantages and limitations of Financial statements.
8. A company can make either of two investments at period. Assuming a required rate of return of 10% determine for each project :
 (a) The pay back period and
 (b) The Profitability Index.
 You may assume straight line method of depreciation.

	V	W			
Cost of Investment	10,00,000	14,00,000			
Expected Life (no salvage)	5 years	5 years			
Projected net income (after depreciation, interest and taxes)					
Year 1	50,000	1,20,000			
Year 2	50,000	1,20,000			
Year 3	1,00,000	1,20,000			
Year 4	1,00,000	1,20,000			
Year 5	1,00,000	1,20,000			
Year	1	2	3	4	5
PV factor@ 10%	0.909	0.826	0.751	0.683	0.621