

Note: All questions are compulsory.

1. All questions carry equal marks.
2. Figure to right indicates full marks.
3. Use of simple calculator is allowed.

Q.1. Answer any two (7.5 marks each)

15

a. From the following information prepare Common size Balance Sheet.

Balance Sheet as on 31 March 2001

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	125,000	Land & Building	250,000
Preference Share Capital	50,000	Machinery	400,000
General Reserve	250,000	Furniture	125,000
Profit & Loss A/C	25,000	Stock	40,000
Debenture	500,000	Debtors	200,000
Creditors	150,000	Bills Receivable	50,000
Bank Overdraft	75,000	Bank Balance	35,500
Outstanding Expenses	20,000	Cash on Hand	15,000
		Preliminary Expenses	79,500
	<u>1195,000</u>		<u>1195,000</u>

b. Following are the Balance Sheets of Gayatri Ltd. As on 31st December 2001 & 2002

Liabilities	2001	2002	Assets	2001	2002
Equity Share Cap	100,000	150,000	Land & Building	80,000	75,000
General Reserve	60,000	10,000	Plant & Machinery	42,000	85,000
P & L A/C	5,000	30,000	Furniture	7,000	6,000
Bank Overdraft	NIL	65,000	Investment	6,000	12,000
Mortgage Loan	NIL	40,000	Stock	27,500	94,500
Provision for Tax	10,000	15,000	Debtors	46,500	77,250
Creditors	30,000	20,000	Cash	2,000	7,250
Bills Payable	10,000	30,000	Preliminary Exp	4,000	3,000
	<u>215,000</u>	<u>360,000</u>		<u>215,000</u>	<u>360,000</u>

You are required to prepare Comparative Financial Statements in Vertical Form.

c. You are furnished with the revenue statements for the four years ended 31st Dec.

Particulars	2008	2009	2010	2011
Sales	50,000	60,000	72,000	86,400
Cost of Sales	32,000	38,000	46,000	56,000
Margin	18,000	22,000	26,000	30,400
Management Expenses	3,000	3,500	4,000	4,500
Sales expenses	5,000	6,000	7,200	8,640
Interest on Loans	3,000	4,000	5,000	6,000
Total Expenses	11,000	13,500	16,200	19,140
Profit before Dep.	7,000	8,500	9,800	11,260
Depreciation	5,000	4,500	6,000	6,500
Profit before Tax	2,000	4,000	3,800	4,760
Income Tax	800	2,000	1,850	2,400
Profit after Tax	1,200	2,000	1,950	2,360

You are required to prepare trend analysis.

Q.2 Answer any two (7.5 marks each)

15

a. Following are the Balance Sheets of ANC Ltd. As on 31st March 2011

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	20,000	Computer	14,000
P & L A/C	3,000	Plant & Machinery	51,000
General Reserve	4,000	Stock	20,000
12% Debenture	58,000	Debtors	10,000
Bank Overdraft	5,000	Cash	4,000
Creditors	10,000	Bills Receivable	1,000
	<u>1,00,000</u>		<u>1,00,000</u>

Calculate following ratios:- 1. Current Ratio 2. Quick Ratio 3. Debt to Equity Ratio
4. Inventory to Working Capital Ratio

b. Calculate following Ratios

- 1) Debtors turnover ratio
- 2) Stock to working capital ratio
- 3) Current ratio
- 4) Gross Profit Ratio

Following are the information

- | | |
|---|--------|
| 1) Debtors at the beginning of the year | 13,750 |
| 2) Debtors at the end of the year | 11,000 |
| 3) Total Sales | 70,000 |

4) Cash Sales	20,000
5) Creditors	4,000
6) Bank overdraft	2,200
7) Cash	1,500
8) Stock	4,200
9) Gross Profit	14,000

c. Explain uses of Ratio Analysis.

Q3. Answer any two (7.5marks each).

15

- a. RM Ltd gives you the following balance sheet for the year ended 31st Mar 2013 and 31st Mar 2014. Prepare cash flow statement for the year ended 31st Mar 2014.

Liabilities	31/3/2013	31/3/2014	Assets	31/3/2013	31/3/2014
Equity Capital	120,000	150,000	Land	90,000	120,000
Preference Capital	90,000	60,000	Building	120,000	105,000
General Reserve	30,000	40,000	Stock	50,000	60,000
P & L A/c	43,500	53,500	Debtors	35,000	40,000
O/s Expenses	9000	12,000	Prepaid Expenses	10,000	8,000
Creditors	28,000	30,000	Bank balance	12,000	10,000
			Misc. Expenditure	3,500	2,500
Total	320,500	345,500		3,20,500	345,500

Other Information

1. The company redeemed preference shares @ 10 % premium
2. Interim Dividend paid during the year amount to Rs. 10,000.

b. Following are the Balance Sheets of Anna Ltd. as on 31st March 2013 & 2014

Particular	2013	2014
<u>Shareholders Fund</u>		
Share Capital	7,00,000	10,00,000
Reserve & Surplus	1,50,000	2,50,000
<u>Borrowed Fund</u>		
Debenture	40,000	50,000
Total Capital Employed	8,90,000	13,00,000
<u>Fixed Assets</u>		
Tangible Assets	5,00,000	8,00,000
<u>Current Assets</u>		
Stock	75,000	1,00,000
Cash	3,15,000	4,00,000
Total Capital Employed	8,90,000	13,00,000

Adjustments

1. Depreciation charged on Fixed Asset was Rs.50,000.
2. A piece of machinery costing Rs.12,000(book value Rs. 5,000)was sold at 60 % profit on book value during the year.

Prepare Cash Flow Statement.

C .Explain Cash Flow Statement & describe classification of cash flows.

Q.4. Answer any two (7.5 marks each)

15

a .You are required to prepare a statement showing the estimate of working capital required to finance the level of activity of 18,000 units per year from the following information ,obtained from the Books of BIJAL LTD.

Particulars	Per unit Rs.
Raw materials	18
Direct Labor	4.5
Overheads	13.5
Total Cost	36
Profit	9
Selling Price	45

1. Raw materials are in stock on an average for two months.
2. Materials are in process on average for half a month.
3. Finished goods are in stock on average for two months.
4. Credit allowed by Creditors is two months.
5. Credit allowed to Debtors is three months.
6. Lag in payments of wages is half month.
7. Cash on hand and at bank is expected to be Rs.10,500.

b. Radiance Garments Ltd. Manufacturers readymade garments and sells them on credit basis through a network of dealers. Its present sales are Rs.60 Lakh per annum with 20 days credit period .The contemplating an increase in the credit period with a view to increasing sales. Present variable cost is 70% of sales and the total fixed cost Rs. 8 lakh per annum. The company expects pretax return on investment @25%. Some other details are given as under.

Proposed Credit Policy	Average collection Period (Days)	Expected Annual Sales
I	30	65
II	40	70
III	50	74
IV	60	75

Required: : Which credit policy should the co. adopt?

C. Write short note on Factors determining working capital.

Q.5. Answer the following.

15

Following are the Profit & Loss A/c and Balance Sheet of AB Ltd.

Profit & Loss Account for the year ended 31st March, 2015.

Particular	Rs.	Rs.	Particular	Rs.
To Cost of Sales			By Sales	4,00,000
Opening Stock	30,000			
Add:- Purchases	3,00,000			
	3,30,000			
Less :- Closing Stock	50,000			
		2,80,000		
To Gross Profit		1,20,000		
		4,00,000		4,00,000
To Expenses		20,000	By Gross Profit b/d	1,20,000
To Net Profit c/d		1,00,000		
		1,20,000		1,20,000
To Provision for tax		40,000	By Net Profit b/d	1,00,000
To dividend		20,000		
To Net Profit		40,000		
		1,00,000		1,00,000

Balance Sheet as on 31st March, 2015

Liabilities	Rs.	Assets	Rs.
Share Capital (Rs.10 each)	2,00,000	Plant & Machinery	80,000
Reserve	10,000	Land & Building	20,000
Profit & Loss A/C	30,000	Stock	50,000
Creditors	50,000	Debtors	80,000
		Cash at Bank	60,000
	2,90,000		2,90,000

Convert Balance Sheet and Profit & Loss A/C into Vertical Form & Calculate following ratios and Comment on the position of AB Ltd.

1. Stock Turnover Ratio
2. Creditors Turnover Ratio
3. Return on Proprietors Fund
4. Net Profit Ratio
5. Expenses Ratio
6. Debtors turnover Ratio
7. Return on Capital Employed
8. Gross Profit Ratio
9. Stock to Working Capital Ratio

— The End —