

Q.1 A] Fill in the blanks with correct options. (Any 8)

8 Marks

- 1) Every items of base year is slated as _____.
A) 90 B) 100 C) 200 D) 50
- 2) Advanced salary paid to staff is a _____.
A) Current liability B) current asset C) Non-quick liability D) non quick asset
- 3) Bank overdraft is non quick _____.
A) current asset B) current liability C) fixed asset D) fictitious asset
- 4) Long term borrowing is _____.
A) fixed tangible asset B) Non current liability C) intangible asset D) fixed tangible movable asset
- 5) Vertical format of balance sheet is prepared as per _____ of Companies Act.
A) Schedule III B) Schedule II C) Schedule IV D) Schedule V
- 6) Working capital is = current asset - _____.
A) fixed asset B) current liability C) Net profit D) fictitious asset
- 7) _____ are the end result of accounting process.
A) Financial year B) Financial statement C) Balance sheet D) profit and loss
- 8) Goodwill is _____ assets.
A) Current asset B) intangible asset C) tangible asset D) Current liability
- 9) Activities relating to asset are referred to _____ activity
A) Operating B) investing C) financing D) Non cash equivalent
- 10) The ideal current ratio is _____.
A) 2:1 B) 1:1 C) 3:1 D) 4:1

Q.1B] State whether the following statements are true or false. (Any 7)

7 Marks

- 1) Cash recipe from loan taken is financing activity.
- 2) Depreciation of delivery van Is selling and distribution expenses.
- 3) Provisions for dividend will leads to no impact on cash flow.
- 4) Advanced salary paid to staff is a current asset
- 5) Common size and comparative statement are very useful to financial analyst.
- 6) Stock is intangible assets. Cortana
- 7) Redemption of shares leads to inflow of cash.
- 8) Cash discount given is the Officer admin expenses.
- 9) Standard ratio remains the same from industry to industry
- 10) Cash transaction is only included in cash flow statement.

Q2.A] Following are the Balance Sheet as on 31st December 2014 and 2015 of Miss Amisha Ltd.

15 Marks

Liabilities	2014	2015	Assests	2014	2015
Share Capital	10,000	15,000	Leasehold Premises	8,000	7,500
Securities Premium	6,000	1,000	Plant & Machinery	4,200	8,500
Profit and Loss A/c	500	3,000	Furniture & Fixture	900	800
Bank Overdraft		6,500	Investments	600	1,200
Mortgage Loan (Secured on Plant)		4000	Debtors	2,750	9,450
Provision for tax	1,000	1,500	Stock	4,650	7,725
Outstanding Expenses	3,000	2,000	Preliminary Expenses	400	300
Bills payable	1,200	3,200	Bank Balance	200	725
TOTAL	21,700	36,200	TOTAL	21,700	36,200

You are required to prepare Comparative Financial statement in vertical form.

OR

Q.2 B] Convert the following income statement into common sized statement

08 Marks

Particulars	Amount (rs)
Gross Sales	2,03,000
Sales Return	3,000
Cost of goods sold	1,20,000
Administrative expenses	25,000
Selling expenses	15,000
Non operating income	5,000
Non operating expenses	3,000
Provision for tax	50%

Q.2.C] Following is the Balance Sheet of RM Limited as on 31st March, 2014.

07 Marks

Liabilities	Amount	Assets	Amount
Share Capital	1,50,000	Goodwill	20,000
Securities Premium Account	80,000	Machinery	100,000
General Reserve	60,000	Premises	240,000
Capital Reserve	20,000	Furniture	10,000
6% Govt. Loan	50,000	Govt. Bond	8,000
Bank Loan (Long Term)	35,000	Debtors	70,000
Bank Overdraft	110,000	Stock	80,000
Sundry Creditors	60,000	Cash at Bank	40,000
Provision for Taxation	20,000	Prepaid Expenses	12,000
		Preliminary Expenses	5,000
TOTAL	5,85,000	TOTAL	5,85,000

Convert the above balance sheet in Vertical form.

Q.3.A] The following is the Balance Sheet of B Ltd.

15 Marks

Balance sheet as on 31st March ,2015

Liabilities	Amount	Assets	Amount
Share Capital :		Goodwill	70,000
Equity	2,00,000	Office building	4,40,000
8% preference	2,00,000	Machinery	2,00,000
16% debenture	80,000	Patent	60,000
15% bank loan	40,000	Investment	40,000
Reserves	3,16,000	Debtors	1,40,000
Creditors	1,20,000	Prepaid insurance	20,000
Bank Overdraft	80,000	Stock	60,000
Outstanding rent	14,000	Cash in hand	14,000
Provision for tax	30,000	Bills receivable	70,000
Propose dividend	30,000	Preliminary expenses	36,000
Profit and loss account	40,000		
TOTAL	11,50,000	TOTAL	11,50,000

You are Required to calculate: (a) Proprietor ratio (b) Stock working capital ratio (c) Current Ratio.

OR

Q.3.B] The following figures relate to the trading activities of H limited for the year ended 30th June 2012.

15 Marks

Particulars	Amount
Sales	5,20,000
Purchase	3,22,250
Opening Stock	76,250
Closing Stock	98,500
Sales Returns	20,000
Selling and Distribution Expenses:	
Salaries	15,300
Advertising	4700
Travelling	2000
Administrative Expenses:	
Salaries	27,000
Rent	2,700
Stationery, Postage, etc.	2,500
Depreciation	9,300
Other Charges	16,500
Provision for Taxation	40,000
Non-Operating Income:	
Dividend on Shares	8,000
Profit on sale of Furniture	3,000
Non-Operating Expenses:	
Loss on sale of scooter	3000

You are required to convert Profit & Loss Account in to vertical format and calculate the following ratio: (a) Gross Profit Ratio (b) Operating Ratio (c) Stock Turnover Ratio

Q.4.A] you are required to prepare a statement showing the working capital required to finance the level of activity of 12,000 unit per year from the following information: **15 Marks**

1. Raw material are in stock on an average for 2 months months.
2. Material are in process on an average for half a month.
3. Finish goods are in stock on an average for one month.
4. Credit allowed by the supplier is one and half month of purchase of raw material and credit allowed to the customer is two and half month.
5. Lack in payment of wages and overhead is one month.
6. Cash on bank balance is accepted to be 10% of networking capital before considering the Cash and Bank balance.
7. Activity are spread evenly throughout the year.

Cost for unit:

Raw material	Rs.10
wages	Rs 5
Total cost	Rs.30
Profit is 20% on selling price.	

OR

Q.4.C] Explain factors determining working capital requirements. **8 Marks**

Q.4.D] Explain Investing Activity Cash flow statement. **7 Marks**

Q.5.A] A company currently has an annual turnover of Rs 50 lakhs and an average collection period of 30 days. The company wants to experiment with a more liberal Credit Policy on the ground that increase in collection period will generate additional sales.

From the following information, kindly indicates which policy the company should adopt:

15 Marks

Credit Policy	Average Collection period	Annual Sales (Rs. Lakhs)
A	45 Days	56
B	60 Days	60
C	75 Days	62
D	90 Days	63

Cost: Variable cost: 80% of Sales

Fixed cost: Rs. 6 lakhs per annum

Required (Pre – tax) return on investment: 20%

A year may be taken to comprise of 360 days.

OR

Q.5.B] Short Notes (any 3)

15 Marks

1. Explain working capital.
2. Explain Financial Statements.
3. Explain advantages and disadvantages of financial analysis.
4. Modes of Ratio expression.
5. Explain Cash flow statement.