

Note : All questions are compulsory.

2. All questions carry equal marks.

3. Figure to right indicates full mark.

4. Use of simple calculator is allowed.

Q. 1 Answer any two ( 7.5 marks each)

15

a. Profit and Loss Account for the year ended 31<sup>st</sup> Mar 2001. Convert them into vertical form.

Particulars	Rs.	Particular	Rs.
To opening Stock	76,250	By Sales	602,350
To Purchase	315,250	Less : Returns	10,000
To Freight and Carriage	7,000	By Closing Stock	98,500
To Staff Salaries	20,000	By Interest on Bonds	1,500
To Sales Salaries	15,300	By Dividends on Shares	3,750
To Interest on Debentures	1,200	By Profit on Sales of Shares	3,900
To Rent	2,700		
To Printing and stationary	2,500		
To Advertising	4,700		
To Sales discount	2,400		
To Depreciation	9,300		
To Insurance	1,000		
To Electricity	350		
To Salesman's Traveling Expenses	2,000		
To Bad Debts	3,400		
To Telephone Expenses	750		
To Legal Charges	6,400		
To Directors Fees	48,000		
To Loss on Sale of Bonds	3,500		
To Provision for Claim for Damages	1,650		
To Net Profit	1,76,350		
	<u>7,00,000</u>		<u>7,00,000</u>

b. Following are incomplete comparative income statement for the year ended 31<sup>st</sup> March

You are required to complete it.

Particular	Rs.(in lacs)			Trend %		
	1993	1994	1995	1993	1994	1995
Net Sales	700	?	?	100	120	140
Less: Cost of goods sold	560	?	?	100	110	?
Gross Profit	140	?	?	100	160	150
Less: Operating Expenses	84	?	?	100	125	175
Operating Profit	56	?	?	100	?	?
Add: Non-Operating Income	?	?	5	100	120	50
Less Non -Operating Exp.	66	?	?	100	?	?
	6	?	?	100	?	?
Net Profit	60	125	56	100	208.33	93.33

C.From the following financial statement of AB Ltd.

Prepare Comparative Balance Sheet

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital	60,000	90,000	Fixed Assets	1,20,000	1,50,000
Prefer Share Capital	30,000	60,000	Investment	30,000	20,000
Reserve & Surplus	30,000	40,000	Current Assets	50,000	1,10,000
Debenture	60,000	50,000			
Current Liabilities	20,000	40,000			
	2,00,000	2,80,000		2,00,000	2,80,000

Q2 Answer any two(7.5 marks each)

a) From the following balance sheet of shree limited

Balance sheet as on 31<sup>st</sup> march 2015

Liabilities	Rs	Assets	Rs
Equity share capital	50,000	Fixed asset	1,25,000
Preference capital	50,000	Debtors	50,000
Reserve	50,000	Bank balance	25,000
debenture	1,00,000	Stock	1,25,000
Creditors	50,000		
Bills payable	25,000		
	3,25,000		3,25,000

You are required to calculate following ratios

1) Current ratio 2) debt equity ratio 3) quick ratio 4) stock to working capital ratio

b. Following is the revenue statement for the year ended 31<sup>st</sup> March 2015

Particular	Rs.
Sales	2,64,000
Less:- Cost of Sales	1,98,000
Gross Profit	66,000
Less : Operating Expenses	44,000
Operating Profit	22,000
Less Tax	9,000
Profit after tax	13,000
Less :Dividend	7,000
Retained Earning	6,000

You are required to calculate the following ratio1)Gross profit ratio2)Operating profit ratio

3)Expenses ratio4) Net profit ratio

C.Explain Limitations of Ratio Analysis.

Q.3 Answer any two ( 7.5 marks each)

15

a. From the following Balance Sheet of Vinayak Ltd. prepare Cash Flow Statement

Liabilities	31/3/2013	31/3/2014	Assets	31/3/2013	31/3/2014
Equity Capital	7,00,000	8,00,000	Fixed Assets	5,00,000	7,50,000
General Reserve	1,75,000	2,25,000	Cash	1,50,000	1,80,000
P & L A/c	1,50,000	2,50,000	Stock	1,60,000	2,60,000
Debenture	Nil	2,00,000	Debtors	2,25,000	3,75,000
Proposed Dividend	80,000	90,000	Underwriting Commission	70,000	Nil
	11,05,000	15,65,000		11,05,000	15,65,000

Additional Information

1. Interim Dividend Paid Rs.30,000.
2. Depreciation on Fixed Asset Rs.50,000.
3. Underwriting Commission was written off.
4. Fixed asset purchased worth Rs.3,00,000.

b. From the following financial statement prepare Cash Flow Statement

Liabilities	31/3/2013	31/3/2014	Assets	31/3/2013	31/3/2014
Equity Capital	120,000	150,000	Lard	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
Creditor	28,000	30,000	Bank balance	12,000	10,000
			Misc Expenditure	3,500	2,500
	320,500	345,500		3,20,500	345,500



Other Information

1. Share issue expenses Rs.3000/-
2. Depreciation on Building Rs.15000/-

c. Explain Cash flow from investing activity & financing activity.

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

a. The Following information has been extracted from the records of Company

Product Cost Sheet	Rs. Per unit
Raw Material	45
Direct Labour	20
Overheads	40
Total	105
Profits	15
Selling Price	120

1. Raw materials are in stock on an average for two months.
2. Materials are in process on average for 4 weeks. The degree of completion is 50%.
3. Finished goods are in stock on average for one month.
4. Credit allowed by supplier is one month.
5. Credit allowed to Debtors is two months.
6. Time lag in payments of wages & overheads is 1 ½ week.
7. 20% of the output is sold against Cash.
8. The company expects to keep a cash balance of Rs.1,00,000.
9. Take 52 weeks per annum.
10. The company is poised for manufacture of 1,44,000 units in the year.

You are required to prepare a statement showing working capital requirements of the company.

b. A company currently has an annual turnover of Rs50 lakh 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 indicate which policy the company should adopt:

(Rs. In Lakh)

Credit Policy	Average Collection Period	Annual Sales
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.

c. Explain nature & types of working capital.

Q.5 Answer the following

15

Comment on the position of D Ltd. From the following Balance Sheet as on

Liabilities	2011	2010	Assets	2011	2010
Share Capital	1,00,000	50,000	Fixed Assets	90,000	90,000
Reserves	80,000	34,000	Current Assets	2,00,000	1,00,000
Secured Loan	30,000	24,000			
Current Liabilities	26,000	30,000			
Provisions	54,000	52,000			
	2,90,000	1,90,000		2,90,000	1,90,000

Profit & Loss A/C for the year ended

Particulars	2011	2010	Particulars	2011	2010
To Opening Stock	44,000	40,000	By Sales	2,10,000	2,00,000
To Purchases	84,000	72,000	By Closing Stock	46,000	44,000
To Wages	40,000	36,000			
To Factory Exp	32,000	28,000			
To Administrative Exp	8,000	6,000			
To Selling Exp	6,000	10,000			
To Salary to staff	2,000	2,000			
To Income Tax	22,000	24,000			
To Transfer to Reserve	2,000	2,000			
To Proposed Dividend	6,000	8,000			
To Bal C/d	10,000	16,000			
	2,56,000	2,44,000		2,56,000	2,44,000

You are required to convert into vertical form & calculate following Ratio & comment on it.

1. Current Ratio
2. Proprietary Ratio
3. Debt-Equity Ratio
4. Stock to Working Capital Ratio
5. Liquid ratio
6. Expenses Ratio
7. Gross Profit Ratio
8. Net Profit Ratio