

Time: 2 ½ hours

Marks: 75

Note: 1. All question are compulsory.

2. Figures to the right indicate full marks.

Q1. Objectives Question:

(15)

(A) State whether the following are true or false: (Any 8)

(8)

1. Borrowed fund consist of short term borrowings.
2. Depreciation is a non cash item.
3. Trend analysis is also termed as trend percentage.
4. Standard quick ratio should be 1:1.
5. Ratio analysis helps in inter firm as well as intra firm performance comparisons.
6. A cash flow statement is prepared in order to analyse the past movement of cash in an organisation.
7. Purchase of fixed asset is an investing activity.
8. Peak working capital is the highest amount of the working capital required by a business organisation.
9. The working capital cycle is also known as operating cycle.
10. Capital cost is the cost for arranging additional funds to support credit sales..

(B) Match the following: (Any 7)

(7)

A	B
1. Non quick current liability	a) Owners funds + borrowed funds
2. Retained earnings	b) Current liabilities are more than current assets
3. Capital employed	c) Liquid current asset
4. Common size income statement analysis	d) Internal sources of finance
5. Capital structure ratio	e) Creditors
6. Efficiency ratio	f) Bank overdraft
7. Contribution	g) Debt Equity Ratio
8. Negative working capital	h) Sales - Variable Cost
9. Payables	i) Net Sales is taken as 100%
10. Cash	j) Inventory turnover ratio

(15)

Q2. Following is the summary balance sheet of Akshay Ltd. as on 31st March, 2018

Liabilities	Rs.	Assets	Rs.
Equity shares capital	3,90,000	Cash in Hand	15,000
10% preference share capital	2,00,000	Cash at Bank	90,000
9% Debenture	2,50,000	Preliminary Expenses	20,000
General Reserve	60,000	Goodwill	1,00,000
Capital Reserve	50,000	Building	3,00,000
11% Bank Loan	1,80,000	Investment (long Term)	2,00,000
Creditors	1,25,000	Furniture	2,50,000
Bank overdraft	1,35,000	Plant and Machinery	3,00,000
Provision for Tax	1,40,000	Debtors	1,50,000
Proposed Dividend	30,000	Prepaid Expenses	50,000
Profit and Loss A/c	1,40,000	Stock	2,00,000
		Discount on issue of Shares	25,000
	17,00,000		17,00,000

Present the above balance sheet in vertical form and calculate the following:

- Net worth
- Borrowed fund
- Capital Employed
- Working Capital
- Fictitious Assets

OR

(15)

Q2. Prepare comparative income in vertical form:

Profit and Loss A/c for the years ended 31st March

Particular	2017	2018	Particular	2017	2018
To Opening Stock	44,000	40,000	By Sales	1,90,000	2,00,000
To Purchases	84,000	72,000	By Closing Stock	46,000	44,000
To Wages	40,000	36,000	By Interest Received	20,000	-
To Factory Expenses	32,000	28,000			
To Establishment Expenses	8,000	6,000			
To Management Expenses	2,000	2,000			
To Selling Expenses	6,000	10,000			
To Interest	6,000	8,000			
To Loss on sale of Assets	2,000	2,000			
To Provision for Taxation	22,000	24,000			
To Transfer to Reserves	10,000	16,000			
	2,56,000	2,44,000		2,56,000	2,44,000

(15)

Q3. Following are the trading, Profit and Loss Account of Suraj Ltd. for the year ended 31st March, 2018 and a balance sheet as on that date.

Trading and Profit and Loss Account for the year ended 31-03-2018

Particular	Rs.	Particular	Rs.
To Opening Stock	15,500	By Sales	75,000
To Purchase	61,000	By Closing Stock	16,500
To Gross Profit	15,000		
	91,500		91,500
To Administrative Exp.	5,000	By Gross Profit	15,000
To Selling & distribution Exp.	2,000		
To Interest	1,000		
To Net Profit	7,000		
	15,000		15,000

Balance Sheet as on 31-03-2018

Liabilities	Rs.	Assets	Rs.
12,00 Equity Share of Rs.50 each	60,000	Fixed Assets	55,000
10% Debentures	10,000	Debtors	10,000
Reserves & Surplus 5,000			
Add: Profit for the Year 7,000	12,000	Bills Receivable	8,000
Bank overdraft	3,500	Stock	16,500
Creditors	16,000	Cash	12,000
	1,01,500		1,01,500

Calculate following ratios and offer your comments:

- Current Ratio
- Quick Ratio
- Capital Gearing Ratio
- Gross Profit Ratio
- Net Profit Ratio
- Proprietary Ratio

OR

(15)

Q.3 Following is the summarized Balance Sheet and Revenue Statement of Amol Ltd for the year ended 2016, 2017 and 2018:

Liabilities	2016	2017	2018	Assets	2016	2017	2018
Equity share capital	3,00,000	3,00,000	4,00,000	Fixed Assets	3,00,000	3,00,000	4,00,000
Preference Share capital	2,00,000	2,00,000	2,50,000	Investment	1,00,000	1,00,000	1,00,000
General Reserve	50,000	1,00,000	1,00,000	Debtors	1,00,000	1,50,000	2,00,000
Secured loan	1,00,000	1,00,000	50,000	Stock	50,000	1,00,000	50,000
Sundry Creditors	40,000	80,000	80,000	Advanced Paid	50,000	50,000	50,000
Bills payable	10,000	20,000	20,000	Cash	50,000	50,000	50,000
				Bank	25,000	40,000	45,000
				Discount on issue of shares	25,000	10,000	5,000
	7,00,000	8,00,000	9,00,000		7,00,000	8,00,000	9,00,000

Prepare vertical trend balance sheet and offer your comments on net worth and working capital.

(15)

Q4. 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 basics of Bajaj Auto Ltd.

Particular	Per Unit
Raw Material	12
Direct Labour	3
Overhead	9
TOTAL COST	24
Profit	6
SELLING PRICE	30

- Raw materials are in stock on average for two months.
- Materials are in process on average for half a month.
- Finished goods are in stock on average for two months.
- Credit allowed by creditor is two months.
- Credit allowed to debtors is three months.
- Lag in payment of wages and overhead is half months.
- Cash on hand and at bank is expected to be Rs.7000.

OR

(15)

Q.4. From the following financial statements prepare cash flow statement of Sagar Ltd for the year ended 31st March, 2018.

Liabilities	31.06.2017	31.03.2018	Assets	31.06.2017	31.03.2018
Share capital	1,35,000	1,40,000	Goodwill	13,950	4,950
Profit & Loss A/c	30,000	35,000	Land & Building	32,400	45,000
General Reserve	10,500	19,000	Plant & Machinery	1,13,400	85,050
Debentures	45,000	22,000	Furniture	----	40,500
Loans	67,950	62,010	Investments	40,500	49,500
Creditors	71,650	43,940	Debtors	94,500	1,14,120
Proposed Dividend	13,500	16,200	Bank Balance	89,650	11,630
Provision for Taxation	10,800	12,600			
Total	3,84,400	3,50,750	Total	3,84,400	3,50,750

Other Information:

- Depreciation is provided @ 10% on furniture on opening Balance.
- Depreciation on land and Building is Rs.5,000.
- Investment costing Rs.8,000 were sold for Rs.10,000.
- Tax of Rs.13,000 was paid in the year 2018.

Q.5. a) Explain Receivable Management. (8)

Q.5. b) Explain with example common size statement. (7)

OR

Q.5. Write short notes on: (any 3) (15)

- 5 C's in Credit Policy.
- Operating Cycle.
- Capital Employed.
- Limitation of Ratio Analysis.
- Types of working capital
