

Time: 2 ½ hours

Note: 1. All question are compulsory.

2. Figures to the right indicate full marks.

Q1. Objectives Question:

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

1. Owned fund belongs to the proprietors.
2. Marketable securities are short term investment to obtain a return on temporarily idle funds.
3. The amount of contingent liabilities is not included in the figures of the balance sheet but it is indicated as a footnote to the balance sheet.
4. All direct expenses and factory expenses are debited to trading account.
5. Ratio analysis is a process of comparison of one figure against another.
6. Capital gearing ratio is also known as capital structure ratio.
7. A cash flow statement shows the inflows and outflows of cash.
8. Gross working capital is equal to the total current asset only.
9. Receivable management is also termed as Debtors management.
10. In trend analysis first year is termed as the base year.

(B) Match the following: (Any 7)

A	B
1) Borrowed Fund	a) Current Ratio
2) Gross Profit	b) Stock
3) Non Quick Current Asset	c) Net Profit ratio
4) Fixed Asset	d) Current Asset are more than current liability
5) Solvency Ratios	e) Sales-Cost of goods sold
6) Profitability Ratio	f) Repayment of Loan
7) Positive working capital	g) 10% Debenture
8) Collection Cost	h) Depreciation
9) Cash Flow Statement	i) Administrative Cost
10) Cash Outflow	j) AS-3

(15)

Q2. Following is the summarised Balance sheet of Diamond Ltd as on 31-3-2018.

Liabilities	Rs.	Asset	Rs.
Equity Share Capital	5,00,000	Plant and	8,78,000
10% Preference Share Capital	2,00,000	Machinery Furniture	1,00,000
General Reserve	4,56,700	Investment	80,000
12% Debenture	2,50,000	Stock	4,00,000
8% Bond	1,20,000	Debtor	3,46,780
Sundry Creditor	4,32,000	Prepaid Expenses	59,000
Expenses Payable	81,000	Cash	2,04,920
Provision for Taxation	87,000	Preliminary Expenses	58,000
	21,26,700		21,26,700

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

- (i) Shareholders Fund
- (ii) Borrowed Fund
- (iii) Current Liabilities
- (iv) Current Assets
- (v) Fictitious Asset

OR

(15)

Q2. From the following information prepare common size Income Statement:

Profit and Loss for the year ended 31-3-2018

Particular	Rs	Particular	Rs
To Opening Stock	35,000	By Sales	21,00,000
To Purchase	8,25,000	By Closing Stock	40,000
To Wages	4,25,000		
To Custom Duty	1,70,000		
To Factory expenses	2,00,000		
To Administrative Expenses	1,80,000		
To Selling Expenses	1,05,000		
To Financial Expenses	25,000		
To Loss on Sale of Plant	75,000		
To Net Profit	1,00,000		
	21,40,000		21,40,000

(15)

Q3. Following is the summarized Balance Sheet and Revenue Statement of Akash Ltd for the year ended 31/3/2018.

Balance Sheet for the year ended 31/3/2018

Liabilities	Rs	Asset	Rs
Share Capital	80,000	Fixed Assets	75,000
Reserve	20,000	Current Assets	1,00,000
10% Debenture	25,000		
Current Liabilities	50,000		
	1,75,000		1,75,000

Revenue Statement for the year ended 31/3/2018.

Particular	Rs
1) Sales	2,00,000
2) Less: Cost of Sales	1,10,000
3) Gross Profit	90,000
4) Less: Operating Expenses	60,000
5) Net Profit Before Tax	30,000
6) Less: tax	15,000
7) Net Profit After Tax	15,000
8) Less: Dividend	8000
9) Retained Earning	7000

You are required to calculate the following ratio and comments on:

- Current Ratio
- Proprietary Ratio
- Capital Gearing Ratio
- Gross Profit Ratio
- Return on Proprietors Equity Ratio
- Net Profit Ratio

OR

(15)

Q3. You are furnished with the following revenue statements for the four years ended 31st March.

Particulars	2015 Rs	2016 Rs	2017 Rs	2018 Rs
Sales	50,000	60,000	72,000	86,400
Less: Cost of Sales	32,000	38,000	46,000	56,000
Gross 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 Depreciation	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 make trend analysis and comment in brief on change in Gross Profit and Net Profit after Tax.

(15)

Q4. Rohan Ltd. gives you the following balance sheet for the year ended 31-March-2018,

LIABILITIES	31-03-17	31-03-18	ASSETS	31-03-17	31-03-18
Share Capital	2,50,000	3,00,000	Goodwill	50,000	40,000
Reserves	1,69,000	1,51,000	Land & Building	2,50,000	2,75,000
Debenture	2,50,000	3,00,000	Plant & Machinery	3,00,000	3,70,000
Bank Loan	80,000	1,00,000	Investments	40,000	50,000
Creditor	40,900	50,700	Stock	30,000	40,000
Proposed Dividend	35,000	40,000	Debtors	62,000	62,500
Provision for tax	40,000	55,500	Cash Balance	12,000	10,000
			Bank Balance	1,20,900	1,50,200
	8,64,900	9,97,700		8,64,900	9,97,700

Other Information

- 1) The company paid tax for Rs.45,000 during the year.
- 2) Depreciation was charged on land and building and plant and machinery for Rs.10,000 and Rs.15,000 respectively.
- 3) Investment amounting to Rs.10,000 was sold Rs.12,000 during the year.

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

OR

(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 books of Pranav Ltd.

Particulars	Per Unit Rs
Raw Materials	18
Direct Labour	4.5
Overheads	13.5
Total Cost	36
Profit	9
Selling Price	45

- i. Raw Materials are in stock on an average of two months.
- ii. Materials are in process on average for half a month.
- iii. Finished goods are in stock on average for two months.
- iv. Credit allowed by Creditors is two months.
- v. Credit allowed to Debtors is three months.
- vi. Lag in payment of wages and overhead is half month.
- vii. Cash on hand and at bank is expected to be Rs.10,500

Q5. a) Define Receivables. Discuss the objectives of receivable management. (8)

Q5. b) Explain comparative financial statement analysis. (7)

OR

Q5. Write short notes on: (Any 3) (15)

- a) Cost of collection of Accounts receivables.
- b) Working capital cycle.
- c) Importance of Cash Flow Statement.
- d) Uses of Ratio Analysis.
- e) Operating Profit.
