

DURATION: - 2½ hrs

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MARKS:- 75

Note: 1. Q.1. is compulsory

2. Q.2. to Q.5 are compulsory with internal choice

3. Figures to the right indicate full marks

Q.1. a) Multiple Choice Questions (Any 8) CO 1,2(U)

(8)

1)	Capital employed is equal to	
	a. Fixed Assets +Investments +Current Assets	c. Fixed Assets +Investments +Working Capital
	b. Fixed Assets +Investments +Current Liabilities	d. Own Funds +Loan Funds - Current Liabilities
2)	In a Common Size Income Statement,	
	a. Sales of year is taken as the base figure and the sales of all he years (year 2, year 3) are compared with that of the base year	c. sales is taken as the base and treated as equal to 100
	b. sales figures of various firms in the same industry are compared	d. None of the above
3)	Advances Received are shown in the vertical financial statements as	
	a. Part of Investments	c. Part of current liabilities
	b. Part of loans and advances	d. Part of current assets
4)	Balance Sheet Ratios may indicate	
	a. relationship between the profits and the investments of the concern	c. relationship between the profitability and the sales of the concern
	b. relationship between the assets and the liabilities of the concern	d. relationship between the profits and the assets of the concern
5)	For the purpose of cash flow statement, 'Cash'	
	a. Includes only cash	c. Includes cash and current account with bank
	b. Includes cash and saving account with bank	d. Includes cash and saving account balance as well as current account with bank
6)	Which of the following is not an item of current liabilities?	
	a. Sundry creditors	c. hire purchase dues
	b. Advances from customers	d. Unclaimed dividends
7)	Cash working capital includes	
	a. Fixed assets less depreciation	c. Debtors at sales less profit margin
	b. Debtors at sales value	d. Creditors at purchase cost less profit margin
8)	Capital Gearing Ratio	
	a. Balance sheet ratio	c. Composite ratio
	b. Revenue statement ratio	d. None of the above
9)	Refund of income tax	
	a. Cash inflow from investing activity	c. Cash inflow from operating activity
	b. Cash inflow from financing activity	d. Cash outflow from operating activity
10)	Net profit ratio	
	a. Balance sheet ratio	c. Revenue statement ratio
	b. Composite ratio	d. None of the above

Q.1. b) State whether the following statements are True or False (Any 7) CO 1,2(U)

(7)

1. Common-size Statements are used for both horizontal and vertical analysis.
2. Unclaimed dividends are classified as Current Liabilities in vertical financial statements.
3. All other things remaining the same, issue of new shares will improve the current ratio.
4. High Proprietary Ratio indicates low risk for the creditors.
5. Bank overdraft = Current Liabilities — Quick Liabilities.
6. Increasing outstanding expenses added to net profit to arrive get cash from operations.
7. While inflow of cash results in inflow of funds of funds may not always result in inflow of cash.
8. Gross working capital is the sum of the total current assets.
9. Permanent working capital is same as fixed capital.
10. Loans given to others is the financing activity.

Q.2. a) M/s. Anuraj Ltd. Carrying on business, furnished their position as on 31st March, 2015, 2016 and 2017.

CO 1 (AP)

(15)

Balance sheet as at 31st March

Particulars	2015 (₹)	2016 (₹)	2017 (₹)
Assets			
Fixed assets	30,000	25,500	43,800
Investment	13,000	13,000	18,400
Current assets	27,000	33,200	18,900
	70,000	71,700	81,100
Liabilities			
Share capital	33,000	31,350	41,000
Debentures	27,000	28,350	9500
Liabilities for expenses	10,000	12,000	30,600
	70,000	71,700	81,100

Prepare trend balance sheet in vertical form.

OR

Q.2.b) Following are the trading and profit and loss accounts of Parmita for the years ended on 31st March 2016 in 2017:

CO 1 (AP)

(15)

Trading and profit and loss account for the years ended date 31st March

Particulars	2016 (₹)	2017 (₹)	Particulars	2016 (₹)	2017 (₹)
To opening stock	3,50,000	2,00,000	By sales	11,00,000	12,00,000
To Purchases	7,00,000	9,00,000	By closing stock	2,00,000	3,00,000
To wages	50,000	1,00,000			
To gross profit c/d	2,00,000	3,00,000			
Total	13,00,000	15,00,000	Total	13,00,000	15,00,000
To office expenses	1,00,000	1,25,000	By gross profit b/d	2,00,000	3,00,000
To selling expenses	50,000	1,00,000			
To finance expenses	20,000	30,000			
To net profit c/f	30,000	45,000			
	2,00,000	3,00,000		2,00,000	3,00,000

Prepare a comparative income statement from the above in vertical form.

Q.3. a) following is the summary balance sheet of star products Ltd:

CO 2 (AP)

(15)

Liabilities	As on 31-3-17 ₹	Assets	As on 31-3-17 ₹
Equity share capital	5,00,000	Fixed assets	13,00,000
General reserve	3,00,000	Investments	4,00,000
Security premium	25,000	Stock	8,50,000
10% debenture	7,50,000	Sundry debtors	5,00,000
Profit and loss account	7,40,000	Prepaid expenses	40,000
Sundry creditors	2,30,000	Advance income tax	78,000
Bank overdraft	3,95,000	Cash and bank balance	62,000
Provision for taxation	3,30,000	Share issue expenses	10,000
		Preliminary expenses	30,000
	32,70,000		32,70,000

You are required to compute the following ratios:

- 1) Current ratio 2) Liquid ratio 3) Proprietary ratio 4) Stock working capital ratio.

OR

Q.3. b) Following is the revenue statement of Prodent enterprises: CO 2 (AP)
Trading profit and loss account for the year ended the 31st March 2017.

(15)

Particulars	₹	Particulars	₹
To opening stock	27,150	By sales	2,55,000
To purchases	1,63,575	By closing stock	42,000
To carriage inward	4,275	By interest received on investment	2700
To office expenses	45,000		
To sales expenses	13,500		
To loss on sale of fixed asset	1,200		
To net profit c/d	45,000		
	2,99,700		2,99,700

Calculate the following ratios

- a) Gross profit b) Operating ratio c) Stock turnover ratio d) Office expense ratio e) Net profit before tax ratio

Q.4. a) Following are the summary balance sheets of Young India Ltd:

CO 2 (AP)

(15)

Liabilities	2017 ₹	2016 ₹	Assets	2017 ₹	2016 ₹
Share capital	7,00,000	6,00,000	Fixed assets	6,50,000	4,00,000
General reserve	2,00,000	1,50,000	Debtors	3,50,000	2,00,000
Profit and loss account	2,80,000	1,70,000	Stock	2,50,000	1,50,000
14% debentures issued for purchase of fixed assets	2,00,000	Nil	Cash	1,30,000	1,00,000
			Underwriting Commission	Nil	70,000
	13,80,000	9,20,000		13,80,000	9,20,000

Assuming the depreciation for the year to be ₹50,000 and interim dividend paid during the year to be 5% on opening capital prepare cash flow statement.

OR

Q.4. b) From the following data provided by M/s. Alpha Ltd. estimate working capital requirements for the year ended 31st March, 2017.

CO 2 (AP)

(15)

1. Estimated activity/operations for the year 2,60,000 units (52 weeks).
2. Raw material remains in stock for 2 weeks and production cycle takes 2 weeks.
3. Finished Goods remaining in stock for 2 weeks.
4. 2 weeks credit is allowed by suppliers.
5. 4 weeks credit is allowed to Debtors.
6. Time lag in payment of wages and overheads is 2 weeks each.
7. Cash & Bank Balance to be maintained ₹ 25,000.
8. Selling price per unit is ₹15.
9. Analysis of cost per unit as follows: (1) Raw material 1/3rd of sales. (2) Labour 20% of sales. (3) Overheads ₹2 per unit. (4) Profit is at ₹ 5 per unit.

Assume that operations are evenly spread throughout the year; Wages and Overheads accrue similarly. Manufacturing process required feeding of material fully at the beginning. Degree of work-in-progress is 50%. Debtors are to be estimated at selling price.

(15)

Q.5. (a) Explain Receivable Management.

CO 1(U)

(8)

(b) Explain with example Common Size Statement.

CO 1(U)

(7)

OR

Q.5. Write short notes (any three) :

CO 1,2 (U)

(15)

- (a) 5C's in Credit Policy
- (b) Operating Cycle
- (c) Capital Employed
- (d) Limitation of Ratio Analysis
- (e) Types of Working Capital.