

Maximum Marks: 75

Duration: 2 ½ hrs

- Note: 1) There are 5 questions with internal choice
 2) Each question carries 15 marks.
 3) Suitable assumptions and working notes should form the part of your answer.
 4) Figures to the right hand side indicate full marks.
 5) Please check whether you have got the right question paper.

1A) Match the columns (any 8)

(08)

1	Current ratio	1	Cash flow from investing activities
2	Quick ratio	2	Inter- company comparison
3	Owners fund	3	Loan Fund
4	Owed fund	4	Positive working capital
5	Current assets exceed Current liabilities	5	Cash flow from financing activities
6	Current liabilities exceed Current Assets	6	Immediate solvency
7	Compares two financial years of one company	7	Net worth
8	Compares two companies for one year	8	Negative working capital
9	Interest received on investments	9	Short term solvency
10	Interest paid on debentures	10	Inter- period comparison

1B) Rewrite the following statements and state whether they are true or false: (07)

- 1) Financial accounting gives more importance to precision.
- 2) Management accounting helps in decision making.
- 3) All current liabilities are quick liabilities.
- 4) Prepaid expenses is an example of quick asset.
- 5) Trade credit is a source of working capital.
- 6) If the production process stretches over a long period, more is the requirement of working capital.
- 7) Increase in security premium creates cash flow from financing activities.
- 8) Dividend payout ratio = Dividend per share / Market price per share.
- 9) Stock to working capital ratio shows how much portion of working capital is blocked in stocks.
- 10) Cash flow statement is prepared as per AS 4.

2) A) Following is the Balance Sheet of Manas Ltd. as on 31st March, 2016 (Rupees in Lacs)

Liabilities	Rs.	Assets	Rs.
Equity Share capital	500	Goodwill	200
12% Preference Share capital	300	Land & Building	300
Securities Premium	100	Plant & Machinery	400
General Reserve	150	Investments (long term)	100
Profit & Loss A/c	350	Debtors	200
Creditors	200	Stock	300
Bills Payable	100	Bank	100
		Preliminary expenses	100
Total	1700	Total	1700

Prepare a Commonsize Balance Sheet

(15)

OR

B) The balance sheet and income statement of Radhya Ltd.. are given below:
Balance Sheet as on 31st March, 2016

Liabilities	(Rs.)	Assets	(Rs.)
Equity Capital	120000	Fixed assets (Net)	100000
General reserves	36000	Prepaid expenses	1000
6% Debentures	50000	Inventory	40000
Creditors	10000	Debtors	70000
Overdraft	4000	cash	10000
Tax Provision	1000		
	221000		221000

Profit & loss account for the year ended 31st March, 2016

Particulars	Rs.	Particulars	Rs.
To Opening Stock	30000	By Sales	400000
To Purchases	300000	By Closing Stock	40000
To Operating Expenses	80000		
To Depreciation	11000		
To Provision For Tax	1000		
To Net Profit	18000		
	440000		440000

From the above statements, compute:

- Current ratio
- Stock turnover ratio
- Debtors' turnover ratio
- Creditors turnover ratio
- Return on proprietors fund

Note: Preparation of Vertical Financial statements not required.

3) A) Complete the following trend statement of Mohit Ltd.

Profit and Loss Account for the year ended 31st March

Particulars	Base year		Years					
	2013		2014		2015		2016	
	Rs. (‘000)	%	Rs. (‘000)	%	Rs. (‘000)	%	Rs. (‘000)	%
Sales	?	?	?	120	?	80	2000	100
Cost of goods sold	?	?	?	110	1280	100	1500	?
Gross profit	?	?	?	?	?	?	?	?
Non-operating Income	?	?	?	60	135	90	?	50
Non-operating Expenses	10	?	?	40	8	?	16	?
PBIT	?	?	?	?	?	?	?	?
Interest	?	?	40	?	120	600	60	?
PBT	?	?	?	?	?	?	?	?
Tax @ 50% of PBT	?	?	?	?	?	?	?	?
PAT	?	?	?	?	?	?	?	?
Dividend	?	?	?	?	?	90	3	30
Retained Earnings	?	?	410	?	?	?	?	?

OR

Q. P. Code: 37084

B) Complete the following comparative statement of Manishka Ltd by ascertaining the missing balance and comment on the results.

Particulars	2015 (Rs)	2016 (Rs)	Absolute Increase/(decrease)	
			In Rs.	In Percentage
Sales (A)	?	?	400000	25.00%
Cost Of Goods Sold				
Opening Stock	80000	120000	?	?
Purchases	?	?	200000	20.00%
Wages	240000	440000	?	?
LESS: Closing stock	?	160000	?	?
Cost Of Goods Sold (B)	?	?	?	?
Gross Profit (C)= [A - B]	?	?	?	?
LESS: Operating Expenses				
a) Administrative	?	?	20000	20.00%
b) Selling	50000	60000	?	?
c) Finance	?	?	4500	22.50%
Total Operating Expense (D)	?	?	?	?
Net Operating Profit [C - D]	?	?	?	?
ADD: Non-Operating Income	20000	100000	?	?
Net Profit Before Tax	?	?	?	?
LESS: Provision For Tax	?	?	?	?
Net Profit After Tax	210000	235500	?	?

4) A) Following are the Balance Sheet of Chahek Ltd.:

Liabilities	31-03-2006	31-03-2007	Assets	31-03-2006	31-03-2007
Share Capital	1000000	1200000	Fixed Assets	1100000	1860000
Profit & Loss A/c	260000	320000	Less: Prov for Depreciation	420000	700000
Secured Loans	200000			680000	1160000
Unsecured Loans	200000	700000	Long Term Investments	200000	200000
Sundry Creditors	300000	460000	Stock	450000	650000
Provision for Taxes	120000	200000	Sundry Debtors	620000	660000
Proposed Dividend	100000	120000	Prepaid Expenses	20000	30000
			Cash and Bank Balance	210000	300000
Total	2180000	3000000	Total	2180000	3000000

Additional information for the year ended 31-3-2007 is as follows:

- Fixed assets costing Rs. 100000 on which a depreciation of Rs. 60000 was provided was sold for Rs. 20000.
- Income tax provided during year Rs. 180000.
- Dividend of Rs. 90000 was declared.

Prepare a Cash Flow statement for the year ended 31st March, 2007.

OR

B) Following information is provided to you by Apu Ltd. With a request to prepare an estimate of working capital to finance level of activity of 624000 units p.a.:

Particulars	Rs. Per unit
Materials	80
Wages	50
Overheads:	
Factory	30
Administrative	40
Selling	20
Sales price	250

Other information:

- Raw materials are held in stock for a period of 6 weeks.
- Materials remain in process for 4 weeks requiring full materials, 50% of wages and 40% of factory overheads.
- Finished goods remain in stock for 8 weeks.
- Credit period allowed to customers is 8 weeks.
- Credit available from suppliers is 5 weeks
- Lag in payment of wages is 1.5 weeks and all overheads (except administrative) is 2 weeks.
- Administrative overheads is paid quarterly in advance.
- Desired bank balance is Rs.100000.

- Notes: 1) 20% of the output is sold for cash.
 2) Finished goods are to be valued at cost of production.
 3) Assume activities to be evenly spread.

- Explain the different types of working capital. (08)
 - Write a note on Return on capital Employed (07)

OR

Write short notes on (any 3): (15)

- Indirect method of finding cash flow from operating activities
- Proprietary ratio
- Owners fund
- Working capital and its components
- Objectives of management accounting
