

Duration : 3 Hours

19/3/24 ATKT  
SUBCOM/ATKT/MAI(73)

Marks : 100

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- N.B. (1) All question are compulsory.  
(2) Figures to the right indicate full marks  
(3) Working should form part of your answer.  
(4) Simple calculator is allowed.

Q.1 (a): Select the most appropriate answer : (CO1 to Co3, U&R) (any 10)

1. Goodwill is an \_\_\_\_\_ asset. (a) Fictitious (b) Intangible (c) Tangible (d) Current
2. Operating Ratio is an indicator of \_\_\_\_\_.  
(a) Operating efficiency (b) Production efficiency (c) Sales efficiency (d) Manufacturing cost
3. \_\_\_\_\_ is an item of current liability.  
(a) Unsecured Loans (b) Cash Balance (c) Bank Overdraft (d) Bank Balance
4. The capital required to finance day to day activities of the business is known as \_\_\_\_\_.  
(a) Fixed Capital (b) Working Capital (c) Proprietor's Capital (d) Net worth
5. Assets which can be converted into cash within one year are \_\_\_\_\_.  
(a) Fixed Assets (b) Fictitious Assets (c) Current Assets (d) Nominal Assets
6. In common Size Income Statement Analysis \_\_\_\_\_ is assumed to be hundred.  
(a) Gross Sales (b) Net Profit (c) Operating Profit (d) Operating loss
7. Operating Cost Ratio is a \_\_\_\_\_.  
(a) Balance Sheet Ratio (b) Revenue Statement Ratio (c) Composite Ratio (d) Mixed Ratio
8. Current Assets Rs. 1,80,000, Current Liabilities Rs. 90,000. The amount of working Capital is \_\_\_\_\_.  
(a) Rs. 90,000 (b) 1,80,000 (c) 2,70,000 (d) 1,70,000
9. Comparison of performance of company over a period of time on the basis of base year is known as \_\_\_\_\_.  
(a) Cost Benefit Analysis (b) Comparative Analysis (c) Trend Analysis (d) Common Size Analysis
10. To calculate the cash cost of working capital debtors are \_\_\_\_\_.  
(a) Not considered (b) Considered at cost (c) Considered at realisable value (d) None
11. Capital budgeting decision involves decisions relating to \_\_\_\_\_.  
(a) Working Capital (b) acquisition of Fixed assets (c) Financing day to day activities (d) Operating cost
12. \_\_\_\_\_ are the techniques of Capital Budgeting.  
(a) Payback period (b) Accounting rate of return (c) Net present Value (d) All of the above
- (b) : State whether the following statements are True or False (Any 10) (CO1 to Co3, U&R) (10)
1. Net working capital means Total Current Assets.
2. The amount of working capital over and above the permanent working capital is temporary working capital.

3. Operating cycle = Raw materials + Work in progress + Finished goods + Debtors - Creditors.
4. Cash flow and accounting profit are different. ✓
5. There is time element involved in Capital budgeting. ✓
6. Capital budgeting decisions are long term decisions.
7. Liquid ratio is used to determine the company's long term solvency.
8. A higher debt equity ratio indicates a safer financial position of the company.
9. Outsiders contribution is not included in Proprietor's Fund.
10. Revenue statement indicates operating performance of a company.
11. In Trend Analysis, the trend of each item is calculated on the basis of sales of the base year.
12. Owners fund and borrowed fund are two constituents of total funds of a company.

Q.2(a) From the following details of A Ltd. prepare a Comparative Balance Sheet in vertical form suitable for analysis. (CO2, A) (10)

M/s A Ltd.

Particulars	Year ended 31-03-22	Year ended 31-03-22	Increase (Decrease)	Increase (Decrease) %
Share Capital	6,50,000	?	40,000	?
Reserve and Surplus	2,50,000	2,00,000	?	?
Debenture	1,50,000	?	(50,000)	?
Current Assets	?	3,00,000	40,000	?
Long Term Investment	?	?	10,000	10
Current Liabilities	?	2,00,000	(10,000)	?
Fixed Assets	?	?	?	?

Q.2 (b) From the following details of B Ltd. prepare Common Size Statement in vertical form suitable for analysis.(CO2, A) (10)

M/s B Ltd.

Balances for the year ending on 31st March, 2023

Particulars	Rs.
Sales	8,33,000
Return Inward	3,000
Purchases	5,39,500
Opening Stock	8,300
Closing Stock	14,940
Office Expenses	99,600
Selling Expenses	1,49,400
Carriage Inward	4,150
Finance Expenses	41,500

OR

Q2. You are required to prepare Trend Income Statement in vertical form suitable for analysis. (20)

M/s C Ltd.

Balance Sheet for the year ending on 31st March of each year (CO2,A)

Particulars	31-3-21	31-3-22	31-3-23
Net Sales	60,000	80,000	1,00,000
Opening Stock	6,000	10,000	14,000
Purchases	34,000	38,000	40,000
Wages	3,000	6,000	4,000
Carriage inward	4,000	8,000	8,000
Closing Stock	?	?	12,000
Office Expenses	2,000	2,400	3,000
Administrative Expenses	2,000	2,000	2,000
Selling Expenses	1,400	1,800	2,000
Distribution Expenses	1,000	800	1,200
Finance Expenses	1,200	800	2,000
Interest Received	3,000	4,000	6,000
Loss on sale of Investment	1,000	600	1,000

Make provision for Income Tax at the rate of 40% on Net Profit Before Tax of each year.

Q.3) Following is the Trading and Profit and Loss Account of X Ltd. for the year ended 31st March 2023. (CO3,A) (20)

Particulars	Amount	Particulars	Amount
To Opening Stock	54,300	By Sales	8,00,000
To Purchases	3,27,150	By Closing Stock	44,000
To Carriage Inward	8,550	By Interest on Investment	5,400
To Office Expenses	90,000		
To Sales Expenses	27,000		
To Administrative Expenses	12,000		
To Interest	8,000		
To Depreciation on Plant and machinery	2,000		
To Depreciation on other Fixed Assets	2,000		
To Provision for Income Tax	16,000		
To Loss on Sale of Fixed Assets	2,400		
To Net Profit	3,00,000		
Total	8,49,400		8,49,400

Calculate the following ratios:

1. Gross Profit Ratio
2. Administrative Expenses Ratio
3. Selling and Distribution Expenses Ratio
4. Operating Expenses Ratio
5. Operating Cost Ratio
6. Net Profit Before Tax Ratio
7. Stock Turnover Ratio

OR

Q.3) Following is the Summary Balance Sheet of Star Products Ltd. (CO3,A) (20)

Particulars	Amount	Particulars	Amount
Equity Share Capital	5,00,000	Fixed Assets	13,00,000
General Reserve	3,00,000	Investments	4,00,000
Securities Premium 10% Debentures	25,000	Stocks	8,50,000
Profit and Loss Account	7,50,000	Sundry Debtors	5,00,000

Sundry Creditors	2,30,000	Prepaid Expenses	40,000
Bank Overdraft	3,95,000	Advance Income Tax	78,000
Provision for Taxation	3,30,000	Cash and Bank Balances	62,000
		Share Issue Expenses	10,000
		Preliminary Expenses	30,000
	<b>32,70,000</b>		<b>32,70,000</b>

You are required to compute the following ratios: (1) Current Ratio (2) Liquid Ratio (3) Proprietary ratio (4) Stock -working Capital Ratio (5) Debt Equity Ratio (6) Capital Gearing Ratio

Q.4) The following information is presented by Data and sons Ltd. For the year ended 2022-23. Estimated yearly production = 30,000 units (CO1,A) (20)

Estimated Cost per Sheet per unit

Raw material Rs. 5, Wages Rs. 3, Overheads Rs. 2. Selling price 12

Further information:

- The company extends two months credit to the customers.
- The company maintains one month's stock of raw material.
- The company maintains two month's stock of finished goods.
- The processing period is half a month.
- The company is allowed one month's credit by suppliers.
- Wages and overheads are paid one month in arrears.
- The cash and bank balance is expected to be Rs 8,125.
- There is regular purchase, production and sales cycle.
- During production process wages and overheads accrue evenly.
- Debtors are to be calculated on sale price basis.

Prepare an estimate of Working Capital.

OR

Q.4) Pawan Ltd. is considering two projects. Both require an initial cash investment of Rs. 10,00,000 each and have a life of five years with nil scrap value. (CO1,A) (20)

Estimated Net Profit Before Tax of Machine A and B is as under :

Year	Machine A (Rs.)	Machine B (Rs.)
1	4,00,000	6,00,000
2	4,00,000	3,00,000
3	4,00,000	2,00,000
4	4,00,000	5,00,000
5	4,00,000	5,00,000

Tax rate is 30%. Calculate Average Rate of Return for Machine A and Machine B and suggest which machine should be accepted.

Q.5) a) What is working capital? Explain the factors determining working capital requirements.

b) Explain the Balance Sheet Ratios. (CO1 to Co3, U&R) (20)

OR

Q5) Write Short notes on: (any Four) (CO1 to Co3, U&R) (20)

a) Classification of Current Assets -d) Common Size Financial Statement

b) Gross Profit Ratio e) Accounting Rate of Return method

c) Gross Working Capital and net Working Capital f) Feature of Capital Budgeting Decisions

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