

Tu B com / 102

Q. P. Code : 24005

(REVISED COURSE)

(2 ½ Hours)

(Total Marks: 75)

- N. B. : (1) All questions are **compulsory** with **internal options**. All questions carry **15 marks** each.
- (2) **Working notes** form a **part of the answer** and have to be solved immediately after the question and not on the last page of the **answer sheet**.

1. Following is the Profit and Loss Account of Mahesh Ltd. for the year ended 31<sup>st</sup> March, 2017. You are required to prepare a vertical statement. (15)

Particulars	₹	Particulars	₹
To Opening Stock :		By Sales :	
Raw Materials	17,50,000	Cash	13,00,000
Finished Goods	4,00,000	Credit	37,50,000
		Less : Returns	50,000
To Purchase of Raw Materials	22,50,000		<b>50,00,000</b>
To Wages	3,75,000	By Closing Stock :	
To Factory Expenses	8,75,000	Raw Materials	15,00,000
To Office Salaries	62,500	Finished Goods	5,00,000
To Office Rent	97,500	By Dividend on Investments	25,000
To Postage & Telegram	12,500	By Profit on sale of Asset	50,000
To Directors Fees	15,000		
To Selling & Distribution Expenses	1,00,000		
To Debenture Interest	50,000		
To Depreciation :			
Office Furniture	25,000		
Plant	75,000		
Delivery Van	50,000		
To Loss on Sale of Van	12,500		
To Income Tax	1,87,500		
To Net Profit	7,37,500		
<b>Total</b>	<b>70,75,000</b>	<b>Total</b>	<b>70,75,000</b>

OR

1. a) What do you mean by Financial Management? Explain its limitations. (7.5)
- b) Explain the qualities of an effective finance manager? (7.5)

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2. The following are the summarized Balance Sheets of Meeta Ltd. as on 31<sup>st</sup> March, 2016: (15)

Liabilities	2015-16 ₹	Assets	2015-16 ₹
Equity Share Capital	5,00,000	Goodwill	5,000
12% Preference Share Capital	3,00,000	Plant and Machinery	8,00,000
14% Debentures	50,000	Furniture	25,000
Unsecured Loans	1,00,000	Investments	5,000
Sundry Creditors	2,50,000	Sundry Debtors	4,00,000
Provision for Tax	50,000	Stock	2,00,000
Reserves and Surplus	2,50,000	Cash and Bank	32,000
		Prepaid Expenses	13,000
		Preliminary Expenses	20,000
<b>Total</b>	<b>15,00,000</b>	<b>Total</b>	<b>15,00,000</b>

You are required to prepare common size statement in a vertical format.

OR

2. a) Write a note on Comparative Statements. Explain its limitations. (7.5)  
 b) What do you mean by Trend Analysis? Explain it with a suitable example. (7.5)
3. From the following Profit and Loss Account and Balance Sheet of MIRCHEE Ltd., calculate the following ratios : (15)
- a) Return on Capital Employed      b) Gross Profit Ratio  
 c) Dividend Payout Ratio          d) Debtors Turnover Ratio  
 e) Operating Ratio                    f) Liquid Ratio

**Profit & Loss Account for the year ended 31<sup>st</sup> March, 2016**

Particulars	₹	Particulars	₹
To Opening Stock	3,00,000	By Sales	27,00,000
To Purchases	18,00,000	By Closing Stock	3,60,000
To Carriage Inwards	60,000	By Miscellaneous Incomes	54,000
To Administration Expenses	6,30,000		
To Selling Expenses	75,000		
To Loss on Sale of Assets	15,000		
To Net Profit	2,34,000		
	<b>31,14,000</b>		<b>31,14,000</b>

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Balance Sheet as on 31<sup>st</sup> March, 2016

Liabilities	₹	Assets	₹
Equity Share Capital	6,00,000	Land and Building	3,00,000
Reserves and Surplus	2,10,000	Plant and Machinery	4,50,000
Sundry Creditors	3,00,000	Stock	3,60,000
Provision for Taxation	60,000	Debtors	4,00,000
Long Term Loans	3,50,000	Cash and bank	50,000
Bills Payable	40,000		
<b>Total</b>	<b>15,60,000</b>	<b>Total</b>	<b>15,60,000</b>

Dividend of ₹135 Per equity share has been declared by the Board of Directors and EPS is ₹240.

OR

3. a) What is ratio analysis? Explain the limitations of ratio analysis? (7.5)  
 b) Write a note on revenue statement ratios. Explain any three revenue statement ratios. (7.5)
4. From the following Balance Sheets of PQR Ltd. for the year ending 31<sup>st</sup> March, 2015 & 2016, prepare Cash Flow Statement : (15)

Liabilities	2014-15 (₹)	2015-16 (₹)	Assets	2014-15 (₹)	2015-16 (₹)
Equity Share Capital	4,00,000	6,00,000	Goodwill	3,40,000	2,00,000
12% Preference Share Capital	3,00,000	2,00,000	Building & Premises	2,00,000	4,20,000
General Reserve	1,00,000	1,25,000	Motor Car	4,00,000	3,50,000
Profit & Loss A/c	3,00,000	4,00,000	Investments	1,00,000	2,00,000
Creditors	1,50,000	2,00,000	Stock	80,000	1,00,000
Provision for tax	1,00,000	60,000	Bills Receivable	1,00,000	1,50,000
			Debtors	60,000	1,00,000
			Bank	50,000	50,000
			Discount on Issue of Shares	20,000	15,000
<b>Total</b>	<b>13,50,000</b>	<b>15,85,000</b>	<b>Total</b>	<b>13,50,000</b>	<b>15,85,000</b>

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**Additional Information :**

- Dividend paid during the year ₹ 60,000.
- Income tax paid ₹ 1,00,000..
- During the year, motor car worth ₹ 2,00,000 was sold at a loss of ₹50,000.  
Depreciation charged during the year ₹ 40,000..
- Investments of ₹1,00,000 sold during the year at a profit of ₹20,000.

**OR**

- What is long term finance? Explain its need and sources. (7.5)
  - Write a note on cash flows from investing activities. (7.5)
- (a) State whether the following statements are **True** or **False** (No need to give reasons) : (5)

  - Earning per share shows the overall efficiency of the management in utilizing resources.
  - Changes in the current assets and current liabilities are adjusted under investing activities in cash flow statement.
  - Common-size statement depicts the change in the direction of a financial data over the number of years.
  - Stock turnover ratio shows the relation between owned funds and owed funds.
  - Marketable investments are shown under current assets.

(b) Match the following : (5)

A	B
1) Common size Balance Sheet	a) Revenue statement ratio
2) Debtors turnover ratio	b) Fixed asset
3) Loose tools	c) 2 : 1 ratio
4) Cash equivalent	d) Total funds employed taken as base
5) Short term solvency	e) Composite ratio
	f) Highly liquid investments
	g) Current asset

c) Choose the correct alternative :

(5)

- 1) Which of the following statement considers the first year as a base year, the values of which are taken as 100?
    - (a) Comparative Income Statement
    - (b) Trend analysis
    - (c) Common-size Revenue Statement
    - (d) Common-size Balance Sheet
  - 2) Which of the following is the most important goal of financial management?
    - (a) Managing Human Resource
    - (b) Tax planning
    - (c) Managing Production
    - (d) Marketing Management
  - 3) Which of the following ratio reflects efficiency of the management in production and trading operations?
    - (a) Gross Profit Ratio
    - (b) Net Profit Ratio
    - (c) Return on Proprietors Funds
    - (d) All the above
  - 4) Operating ratio is the relationship between \_\_\_\_\_.
    - (a) Operating Costs & Purchases
    - (b) Total Cost & Sales
    - (c) Net Profit & Sales
    - (d) Operating Cost & Sales
  - 5) Loss on sale of asset is shown as \_\_\_\_\_.
    - (a) Operating Expense
    - (b) Non-operating Expenses
    - (c) Finance Expense
    - (d) Selling Expenses
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