

**Paper / Subject Code: 23108 / Business Management Paper - II****Time: 3 hours****Marks: 100**

N.B: (1) All questions are compulsory with internal options.

(2) Figures to the right indicate full marks.

(3) 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.

**Q.1. (A) Select the correct answer from the options given below: (Any Ten) (10)**

(1) \_\_\_\_\_ document indicates what the business owns and what it owes on a particular date.  
(Balance Sheet, Revenue statement, Cash Budget)

(2) \_\_\_\_\_ is non quick asset.  
(Cash and bank balance, Closing stock, Bills receivable)

(3) \_\_\_\_\_ is a fictitious asset.  
(Formation expenses, Livestock, Copy rights)

(4) \_\_\_\_\_ is an example of contingent liability.  
(Outstanding expenses, Unclaimed dividend, Cumulative preference dividend in arrears)

(5) Preliminary expenses are considered as \_\_\_\_\_ expenses.  
(Administrative expenses, Selling expenses, Finance expenses)

(6) \_\_\_\_\_ Ratio is also known as near money ratio.  
(Liqud ratio, current ratio, stock turnover ratio)

(7) Capital Gearing ratio is also known as \_\_\_\_\_.  
(Financial leverage ratio, Capital employed ratio, Debt ratio)

(8) If closing stock of company is Rs. 1, 00,000, Current Assets of company Rs. 4, 00,000 and current liabilities are Rs. 2, 50,000. Calculate stock working capital ratio \_\_\_\_\_.  
(67%, 15.38%, 25%)

(9) Refund of income tax is \_\_\_\_\_.  
(cash inflow from investing activity, cash inflow from operating activity, cash inflow from financing activity)

(10) Net profit ratio indicates the relationship between \_\_\_\_\_.  
(Net profit and sales, Net profit and capital employed, Net profit and Equity shareholders' funds)

(11) Issue of preference shares is a \_\_\_\_\_ activity.  
( Operating, Investing, Finance)

(12) Bank Overdraft is a \_\_\_\_\_.  
(short term source of finance, Long term source of finance, not a source of finance)

(B) Match the following: (any 10)

(10)

A		B	
1	Secret reserve	1	Intangible asset <b>6</b>
2	Non quick liability	2	Owned source of finance
3	Current Asset	3	Cash outflow from investing activity <b>4</b>
4	Purchase of land	4	Bank overdraft <b>2</b>
5	Secured loan	5	Bills payable <b>5</b>
6	Trade mark	6	Cash and Bank balance <b>3</b>
7	Current ratio	7	Under valuation of inventory <b>11</b>
8	Financial statements	8	Adjusted in net profit as non-operating item
9	Trend analysis	9	Total current assets <b>1</b>
10	Gross working capital	10	Direction of data <b>9</b>
11	Loss on sale of fixed asset	11	Financial position <b>8</b>
12	Dividend payout ratio is high	12	2:1 <b>10</b>
		13	Liberal dividend policy <b>12</b>
		14	1:1 <b>7</b>

Q.2. (A) Given below is the balance sheet of Akshay Ltd., as on 31<sup>st</sup> march, 2022. Convert it into vertical form. (15)

Balance sheet as on 31<sup>st</sup> march, 2020

Liabilities	Rs.	Assets	Rs.
Equity shares	5,00,000	Land	4,00,000
6% Preference share capital	3,00,000	Premises	2,50,000
Bank loan	3,00,000	Goodwill	4,00,000
Reserves and surplus	4,00,000	Furniture	2,50,000
Bank overdraft	1,00,000	Investment (3% G.P. Notes)	90,000
Creditors	1,00,000	Stock	70,000
Proposed dividend	50,000	Sundry Debtors	1,00,000
Provision for tax	50,000	Cash	80,000
		Bills receivable	60,000
		Underwriting commission	1,00,000
<b>Total</b>	<b>18,00,000</b>	<b>Total</b>	<b>18,00,000</b>

OR

Q.2. (B) Following information of Satya Ltd., is given as on 31<sup>st</sup> March, 2022 (15)

Particulars	Rs.
Sales	75,00,000
Purchases	50,00,000
Opening stock	5,00,000
Closing stock	7,50,000
Return inward	75,000
Carriage inward	50,000
Carriage outward	57,000
Return outward	50,000
Salesman salary	75,000
Advertising and publicity	2,52,000
Salesman travelling allowance	7,500
Office salary	4,00,000

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Computer repairs and maintenance	84,000
Rent, taxes	4,000
Postage and telegram	400
Bad debts	75,750
Purchase of computer	40,000
Staff welfare expense	44,000
Dividend on shares	10,000
Interest (Dr.)	50,000
Loss on sale of shares	25,000

Prepare vertical Income statement from the above information for suitable analysis.

**Q.3. (A) Prepare Common size Balance sheet of Kamlesh Ltd., as on 31<sup>st</sup> march 2022 (15)**

Liabilities	Rs.	Assets	Rs.
Equity share capital	2,00,000	Goodwill	1,00,000
Preference share capital	1,00,000	Plant and machinery	1,00,000
General reserve	20,000	Land and Building	1,40,000
Profit and loss A/c Bal.	80,000	Furniture	20,000
Provision for tax	21,000	Stock	1,20,000
Bills payable	39,000	Bills receivable	16,000
Creditors	1,00,000	Debtors	40,000
Bank overdraft	20,000	Bank	44,000
<b>Total</b>	<b>5,80,000</b>	<b>Total</b>	<b>5,80,000</b>

OR

**Q.3 (B) Complete the following Income Statement Trend Analysis for three years of HCL Ltd. (15)**

Particulars	Amounts(Rs.)			Trend Percentage		
	2011(Rs.)	2012(Rs.)	2013(Rs.)	2011(%)	2012(%)	2013(%)
Sales	?	5,50,000	6,50,000	100	?	130
Cost of goods sold	?	2,50,000	?	100	125	?
Gross Margin	?	?	?	100	?	120
Administrative expenses	60,000	?	?	100	115	125
Selling expenses	?	50,000	?	100	125	150
Finance charges	?	31,000	?	100	?	?
Total operating expenses	?	?	?	100	?	?
Profit before tax	?	?	1,80,000	100	100	120
Income tax	60,000	?	?	100	?	120
Profit after tax	?	75,000	?	100	?	120

Q.4. (A) From the following Balances of assets and liabilities and profit and loss account of Agni Ltd., ascertain the following ratios and offer brief comments: (15)

- (a) Acid test ratio (b) Capital Gearing ratio  
(c) Operating ratio (d) Dividend payout ratio  
(e) EPS

Liabilities	Rs.	Assets	Rs.
Equity shares	1,50,000	Fixed assets 1,60,000 (-) Dep. 30,000	1,30,000
8% Pref. share capital	1,00,000	Investments	1,00,000
Reserve and surplus	62,000	Stock	80,000
10% Debentures	50,000	Debtors	60,000
Bank loan	40,000	Bank	85,000
Creditors	60,000	Bills Receivable	50,000
Provision for tax(C.Y)	20,000	Preliminary Expenses	5,000
Bank overdraft	20,000		
Proposed pref. dividend	8,000		
<b>TOTAL</b>	<b>5,10,000</b>	<b>TOTAL</b>	<b>5,10,000</b>

Profit and loss account for the year ended 31<sup>st</sup> December,2022

Particulars	Rs.	Particulars	Rs.
To opening stock	70,000	By sales	9,00,000
To purchases	5,40,000	By closing stock	80,000
To wages	2,14,000		
To Gross profit c/d	1,56,000		
	<b>9,80,000</b>		<b>9,80,000</b>
To Salaries	26,000	By Gross profit b/d	1,56,000
To Rent	5,000	By interest on Investment	5,000
To Misc. expenses	15,000		
To Selling expenses	10,000		
To Depreciation	30,000		
To Interest	5,000		
To Provision for tax	20,000		
To net profit c/d	50,000		
	<b>1,61,000</b>		<b>1,61,000</b>

Market value of equity share is Rs. 12 and dividend paid per equity share is Rs. 2.

OR

Q.4. (B) The following is balances of assets and liabilities of Kishore Ltd. Convert it in vertical form for suitable analysis and Compute the following ratios. (15)

- (a) Acid test ratio (b) Proprietary ratio  
(c) Current ratio (d) Capital Gearing ratio  
(e) Stock working capital ratio

	Rs.		Rs.
Cash at bank	12,500	Land and building	2,00,000
Prepaid expenses	15,500	Stock	68,250
Creditors	1,01,500	Debtors	1,30,750
Bills receivable	5,250	Plant and machinery	1,36,000
12% Debentures	62,500	Loan from directors	1,00,000
Equity share capital	2,50,000		
Profit and loss A/c(Cr.)	54,250		

**Q.5. (A) The following summary Balance sheets of ABC Ltd., for the year ended 31<sup>st</sup> march, 2022 and 2023 Prepare a cash flow statement as per As-3 by indirect method (15)**

Liabilities	2022	2023	Assets	2022	2023
Equity share capital	1,20,000	1,20,000	Land	2,10,000	2,70,000
5% Preference share capital	90,000	60,000	Building	2,85,000	2,70,000
General reserve	30,000	42,330	Stock	27,000	36,300
Profit and loss account	15,240	28,080	Debtors	40,440	38,460
Provision for tax	17,000	8,000	Prepaid expenses	25,880	17,000
Creditors	3,37,560	3,81,910	Bank Bal.	15,480	3,160
			Misc. expenses	6,000	5,400
	<b>6,09,800</b>	<b>6,40,320</b>		<b>6,09,800</b>	<b>6,40,320</b>

Additional information:

- The company paid an interim dividend of 5% on equity shares.
  - Preference shares were redeemed during the year at 10% premium.
  - Income tax paid during the year Rs. 15,000
- Prepare cash flow statement for the year ended 31<sup>st</sup> march, 2023

OR

**Q.5. (A) The following summary Balance sheets of Alka Ltd., for the year ended 31<sup>st</sup> march, 2021 and 2022. Prepare a cash flow statement as per As-3 by indirect method (15)**

Liabilities	2021	2022	Assets	2021	2022
Equity share capital	3,00,000	5,00,000	Goodwill	1,10,000	90,000
General reserve	-	60,000	Land and Building	1,60,000	1,80,000
Profit and loss account	-	58,000	Plant and machinery	80,000	2,00,000
Debentures	2,00,000		Stock	84,000	1,06,000
Creditors	1,14,000	92,000	Debtors	1,80,000	1,56,000
Bills payable	60,000	12,000	Advance income tax	-	40,000
Provision for income tax	-	50,000	Bills Receivables	16,000	24,000
Proposed dividend	-	40,000	Prepaid expenses	12,000	8,000
			Cash in hand	20,000	8,000
			Profit & Loss A/c	12,000	-
<b>Total</b>	<b>6,74,000</b>	<b>8,12,000</b>	<b>Total</b>	<b>6,74,000</b>	<b>8,12,000</b>

Additional information:

- During the year ended 31<sup>st</sup> march, 2022 depreciation of Rs. 16,000 and Rs. 20,000 have been charged on land and building and plant and machinery respectively.
  - An Interim dividend of Rs. 15,000 was paid during the year ended on 31<sup>st</sup> march 2022.
  - During the year machinery having book value of Rs. 16,000 was sold for Rs. 14,000.
- Prepare cash flow statements by AS-3 method.

- Q.6 (A) What are the functions of finance manager? (10)  
(B) What do you mean by inter statement ratios? Explain any two inter statement ratios. (10)

OR

- Q.6. (A) Write short notes on : (any four) (20)  
(1) Classification of sources of finance  
(2) Importance of financial management  
(3) Cash flow from Investing activity  
(4) Common size statement and its advantages  
(5) Uses of ratio analysis  
(6) Any three Balance sheet ratios

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