

NO3AG1S

Marks = 75

Time = 2 ½ Hours

Q.1. Objectives

(15 Marks)

a. Fill in the blanks. (Any 8)

(8 Marks)

- (i) Underwriting Commission is a _____ Asset. (Tangible / Fictitious)
- (ii) Depreciation is _____ to Net profits to get cash flow from operating activities. (added / less)
- (iii) Cash Flows generated from selling of Assets of the concern are covered under _____ (Operation / Investing / Financing Activities)
- (iv) Share Capital + Reserves and Surplus are called _____. (Borrowed Funds / Net Worth).
- (v) Stock of finished goods is valued at _____. (Selling price / Total Cost)
- (vi) In Common Size Income Statement _____ is considered as 100%. (Sales / NPAT)
- (vii) A ratio between one item from Income Statement and one from Balance Sheet is called as _____. (Revenue Ratio / Composite Ratio).
- (viii) Turn over ratios are expressed in _____. (Pure ratio / Times)
- (ix) Issue of Debentures is a cash flow from _____ activities. (Investing / Financing).
- (x) Excess of Current Assets over Current Liabilities is _____ Working Capital. (Positive / Negative)

b. Match the Following (Any 7)

(7 Marks)

A	B
1. Capital Employed	Fictitious Assets
2. Operating Profit	Current Assets – Current Liabilities
3. Working Capital	Intangible Assets
4. Preliminary expenses	Gross Profit – Operating expenses
5. Copyright	Owned Funds + Borrowed Funds
6. Stock Working Capital Ratio	Earliest year as the Base year
7. Quick Ratio	Lag in payment of Wages
8. Trend Analysis	Strength of Working Capital
9. Outstanding Wages	Efficiency in collection from Debtors
10. Debtors Turnover Ratio	Acid Test Ratio

Q.2. Following are the Balance Sheets of Gayatri Ltd. as on 31st2011 and 2012

(15

Marks)

Liabilities	2011	2012	Assets	2011	2012
Equity Share Capital	100000	150000	Land & Building	80000	75000
General Reserve	60000	10000	Plant & Machinery	42000	85000
Profit & Loss A/C	5000	30000	Furniture & Fittings	7000	6000
Bank Overdraft	-	65000	Investments	6000	12000
Mortgage Loan (Secured on Plant)	-	40000	Stock	27500	94500
Provision for Tax	10000	15000	Sundry Debtors	46500	77250
Sundry Creditors	30000	20000	Cash	2000	7250
Bills Payable	10000	30000	Preliminary expenses	4000	3000
	215000	360000		215000	360000

You are required to:

- Prepare Comparative Financial Statements in vertical form and.
- Comment thereon.

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OR

Q.2. From the following Profit & Loss A/C and Balance Sheets of C. Ltd calculate following ratios
i) Current Ratio ii) Proprietary Ratio iii) Debt-Equity Ratio iv) Stock Working Capital Ratio v) Quick Ratio. (15 Marks)

Balance Sheet

Liabilities	2002	2003	Assets	2002	2003
Capital of Rs.10 each	70000	70000	Fixed Assets	92000	90000
Reserves	68000	80000	Current Assets	112000	110000
Secured Loans	24000	22000	Loans and Advances	40000	52000
Current Liabilities	30000	26000			
Provisions	52000	54000			
	244000	252000		244000	252000

Profit & Loss A/C for the year ended.....

Particulars	2002	2003	Particulars	2002	2003
To Opening Stock	40000	44000	By Sales	200000	210000
To Purchases	72000	84000	By Closing Stock	44000	46000
To Wages	36000	40000			
To Factory expenses	28000	32000			
To Admin expenses	6000	8000			
To Selling expenses	10000	6000			
To Managerial remuneration	2000	2000			
To Trd. To Reserve	2000	2000			
To Income Tax	24000	22000			
To Proposed Dividend	8000	6000			
To Balance c/d	16000	10000			
	244000	256000		244000	256000

Q.3. Rearrange the below given data of Petro Chemical Ltd. in a suitable form for analysis and calculate Trend Percentages. (Rs. In lakhs)

(15 Marks)

Particulars	2010	2011	2012
Fixed Assets	20	22	24
Investments	10	9	8
Current Assets	40	30	20
Preliminary expenses	5	4	3
Total Assets	75	65	55
Owner's Funds	20	20	20
Term Loan	20	20	20
Debentures	35	25	15
Total Liabilities	75	65	55

OR

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Q.3.A factory produces 84000 units during the year and sells them @ Rs.50 per unit. Cost structure of a product is as follows:

(15 Marks)

Particulars	Percentage
Raw Materials	55%
Labour	18%
Overheads	17%
Total Cost	90%
Profit	10%
Selling Price	100%

The following additional information is available

1. The activities of purchasing, producing and selling occur evenly throughout the year.
2. Raw Materials equivalent to 1 ½ months supply is stored in godown.
3. The production process takes 15 days.
4. Finished goods equal to 1 month's production is carried in stock
5. Debtors get 1 month credit.
6. Creditors get 2 month's credit.
7. Time lag in payment of wages and overheads is 1 month.
8. Cash & Bank balance is to be maintained at 15% of the working capital.
9. 25% of the purchases are for cash.

Draw a forecast of working capital requirements of the factory.

Q.4.From the following Financial Statements of Nikhil Ltd. prepare a Common Size financial statement in Vertical form and give comments in brief:

(15 Marks)

Profit and Loss Account for the year ended 31st Dec 2013 and 2014

Particulars	2013	2014	Particulars	2013	2014
To Opening Stock	40000	60000	By Sales	800000	1000000
To Purchases	495000	620000	By Closing Stock	60000	80000
To Wages	125000	200000			
To Gross Profit	200000	200000			
	860000	1080000		860000	1080000
To Admin expenses	50000	60000	By Gross Profit	200000	200000
To Selling expenses	25000	30000	By Non-Operating	10000	50000
To Finance expenses	..	10000	Income		
To Provision for Tax	54000	60000			
To Proposed Dividend	20000	25000			
To Retained Earnings	61000	65000			
	210000	250000		210000	250000

OR

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Q.4. The Balance Sheets of Dinesh Ltd. Are as follows:-
Balance Sheets as on 31st March 2013 and 2014

(15 Marks)

Liabilities	2013	2014	Assets	2013	2014
Equity Share Capital A/C	300000	500000	Goodwill	110000	90000
General Reserve	-	60000	Land & Building	160000	180000
Profit & Loss A/C	-	58000	Plant & Machinery	80000	200000
Debentures	200000	-	Stock	84000	106000
S. Creditors	114000	92000	Debtors	180000	156000
Bills Payable	60000	12000	Advance Tax	-	40000
Provision for Tax	-	50000	Bills Receivable	16000	24000
Proposed Dividend	-	40000	Prepaid expenses	17000	8000
			Cash in Hand	20000	8000
			Profit & Loss A/C	12000	-
	674000	812000		674000	812000

Additional information:-

- During the year ended 31.03.2014 Depreciation of Rs.16000 and Rs.20000 have been charged on Land & Building and Plant & Machinery respectively.
 - An Interim dividend of Rs.15000 was paid during the year ended o 31.03.2014
 - During the year Machinery having book-value of Rs.16000 was sold for Rs.14000
- Prepare Cash Flow statements by indirect method for the year ended 31st March 2014 as per AS-3.

Q.5. Short Notes (Any 3 out of 5)

(15 Marks)

- Importance of Management Accounting.
- Use of Ratio Analysis.
- Common size Statements
- Difference between Financial Accounting and Management Accounting.
- Working Capital Cycle.