

March 2016 OP3AFL

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MAX MARKS: 75

DURATION: 2.5 HOURS

Figures to the right indicate Marks.

All Questions are compulsory.

Q.1. (a) Fill in the blanks. (Any 8)

(8)

1. Information is ___ data. (Processed/ Short)
2. Working capital includes _____. (Debtors/ Goodwill)
3. Tactical information is required by ___ level of management. (Middle/ Top)
4. The term outsiders funds means _____ funds. (owned/ Borrowed)
5. Standard Proprietary ratio is around ___ %. (65/50)
6. Debt Equity Ratio includes _____. (Preference share capital/ Fixed Assets)
7. Interest capitalized as fixed assets should be shown as outflow from ___ activities. (Financing/ investing)
8. Net operating cycle can be delayed by _____. (Increase in WIP period/ increase in credit policy)
9. Knowledge derived from recorded facts is _____. (Information/ Data)
10. Gross working capital means _____. (Total current assets/ Fixed Assets.)

Q.1.(b) State whether the following statements are true or false. (Any 7/10)

(7)

1. Capital gearing ratio should be negative.
2. Goodwill is included in current assets.
3. Statement of cash flow do not reflect cash at the end of the year.
4. Temporary working capital is derived from long term bank loans.
5. Management accounting also refers to Corporate accounting.
6. Strategic management is 2nd level in the traditional organizations pyramid.
7. Debt Equity ratio means Owned funds less borrowed funds.
8. Tax refund is non operating activity
9. For a steel company, steel is a most liquid asset.
10. Data and information are the same.

Q.2. Prepare a vertical Trend Balance Sheet of Sharada Ltd. from the following information. (15)

Liabilities	2010	2011	2012	Assets	2010	2011	2012
Equity Share Capital	1200000	1200000	1600000	Fixed Assets	1200000	1200000	1600000
Preference Share Capital	800000	800000	1000000	Investment	400000	400000	400000
General reserve	200000	400000	400000	Debtors	400000	600000	800000
Secured Loan	4000000	400000	200000	Stock	200000	400000	200000
Sundry Creditors	160000	320000	320000	Advance payments	200000	200000	200000
Bills Payable	40000	80000	80000	Cash	200000	200000	200000
				Bank	100000	160000	180000
				Discount on issue of shares	100000	40000	20000
Total	2800000	3200000	3600000	Total	2800000	3200000	3600000

OR

Q.2. From the following P/L account prepare a vertical comparative income statement of Deepa

Company ltd for 2 years.

(15)

Particulars	2014 (Amt)	2015 (Amt)
Opening stock	900000	1200000
Purchases	9000000	12840000
Interest paid on Debentures	600000	600000
Depreciation on Machinery	144000	120000
Depreciation on Furniture	60000	60000
Administrative Expenses	1176000	1764000
Selling Expenses	1824000	3012000
Carriage outward	300000	1260000
Loss by fire	-	60000
Wages	780000	1200000
Provision for tax	2280000	1740000
Sales	18000000	24000000
Closing stock	1200000	1440000
Dividend received	48000	156000
Profit on sale of machinery	96000	-

Q.3. From the following particulars prepare a vertical Balance Sheet and Calculate the following

Ratios.

(15)

1. Current Ratio

2. Quick Ratio

3. Capital Gearing Ratio

4. Proprietors ratio

5. Stock to working capital ratio

6. Debt Equity Ratio

PARTICULARS	AMT
Proposed Dividend	40000
Provision for tax	140000
Closing Stock	130000
Reserves and surplus	172000
Bank Overdraft	32000
Bills Receivable	48000
Cash in hand	80000
Creditors	60000
Debtors	70000
8 % debentures	600000
6% Preference share capital	400000
Equity Share capital	800000

OR

Q.3. From the following particulars prepare a vertical Common Size income statement of Ajmeer company for the year ending 31st March 2011

Particulars	Amt	Particulars	Amt
To Opening stock	300000	By Sales	6000000
To Purchases	3210000	By Closing Stock	360000
To interest on debentures	150000	By Dividend	39000
To Depreciation on Furniture	15000		
To Dep on Machinery	30000		

To Admin Expenses	441000		
To Selling Expenses	753000		
To Carriage outward	315000		
TO Loss by fire	15000		
To Wages	300000		
To Provision for tax	435000		
To Net Profit	435000		
	6399000		6399000

Q.4. The summary of Balance Sheet of Dimple Company Ltd is given below.

(15)

Liabilities	2014 Amt	2015 Amt	Assets	2014 Amt	2015 Amt
Equity Share Capital	200000	250000	Fixed Assets	302500	285000
10% Preference shares	100000	-	Debtors	60000	70000
5 % Debentures (Issued on 1 st July)	-	50000	Stock	100000	90000
Capital Redemption Reserve	-	50000	Bank	45000	30000
Profit And Loss a/c	125000	30000	Preliminary Expenses	300000	20000
Creditors	75000	70000			
Bills payable	37500	45000			
	537500	495000		537500	495000

Additional Information:

1. Preference shares were redeemed at 10% premium on 1-10-2014 with half yearly dividend.
2. Fixed assets were purchased for Rs. 97500
3. Dividend of Rs. 20000 on equity shares was paid.
4. Fixed assets having cost of Rs. 100000 on which accumulated depreciation was Rs. 30000 was sold on 31st December at Rs. 40000.

Prepare cash Flow statement for the year ended 31/03/2015.

OR

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Q.4. Naina Ltd provides the following information

(15)

1. Sales: Rs. 4320000 per year
2. Raw Material- 60% of Selling price per unit, Labor- 20% of S.P, Overheads- 10 % of S.P.
3. Raw material is in stock for 2 months.
4. Processing period – 1 month.
5. Customers are given credit of 2 months.
6. Suppliers give us credit of 1 month.
7. Time lag in payment of wages is 1 month.
8. Time lag in payment of overheads- half month.
9. Cash and bank balance – 25% on debtors.
10. Margin of safety- 10%
11. Finished goods remain in stock for 1 month.
12. Selling price per unit = Rs. 20

Calculate working capital requirements of the company.

Q.5. Short Notes: (any 3 / 5)

(15)

1. Explain Working capital
2. Problems of Inadequate Working capital
3. Explain cash flows from financing activities.
4. Non operating Income
5. Distinguish between Financial accounting and Management Accounting.