

**Q.1. (a) Match the columns**

(Any 8)

(8)

- |                         |   |                             |
|-------------------------|---|-----------------------------|
| 1. Fictitious Assets    | - | Dividend Policy             |
| 2. Disclosure.          | - | ignored in Working capital. |
| 3. Pure ratio           | - | Working capital financing.  |
| 4. Debtors velocity     | - | CA-CL= 0                    |
| 5. Accrual Concept      | - | Current ratio               |
| 6. Liquid Ratio         | - | Turnover Ratio              |
| 7. Zero Working capital | - | Accounting convention       |
| 8. Matching approach.   | - | Numerical Answer            |
| 9. Depreciation         | - | Accounting Concept          |
| 10. M-M Approach        | - | preliminary expenses        |

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

(7)

- Working capital Requirement is high when supply of raw material is low.
- Liquidity has almost nil effect on dividend policy.
- Management Accounting does not deal with controlling functions.
- Fictitious assets are deducted from borrowed capital.
- All current liabilities are quick liabilities.
- Lower operating ratio implies low cost and hence higher profit margin.
- Dividend paid to all shareholders is always reinvested by all shareholders.
- In actual scenario, company has no external financing apart from retained earnings.
- Window dressing refers to the art of showing the better position of the organization than its actual one.
- A controller is responsible to control the flow of financial resources of an organization.

**Q.2. From the below balance sheet and other information prepare only vertical balance sheet Calculate the following ratios:**

(15)

**Acid Test Ratio, Stock Turnover ratio, Capital gearing ratio, Return on capital employed, Proprietary ratio**

| LIABILITIES          | AMT(RS.) | ASSETS           | AMT (RS.) |
|----------------------|----------|------------------|-----------|
| Equity Share capital | 1,00,000 | Machinery        | 2,96,000  |
| General Reserve      | 70,000   | Investment       | 1,12,000  |
| Preference share     | 1,80,000 | Stock in trade   | 1,01,000  |
| Debentures           | 1,20,000 | Bills receivable | 20,000    |

(PTO)

|                   |          |                   |        |
|-------------------|----------|-------------------|--------|
| Trade payables    | 1,22,000 | Trade receivables | 49,000 |
| Bank overdraft    | 20,000   | Cash              | 38,000 |
| Provision for tax | 18,000   | P/L acc.          | 14,000 |

Sales= Rs. 7,00,000, Gross profit =25%, opening stock = Rs. 1,09,000. Profit Before tax= Rs. 2,10,000

OR

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

| Liabilities              | 2011          | 2012          | 2013          | Assets                      | 2011          | 2012          | 2013          |
|--------------------------|---------------|---------------|---------------|-----------------------------|---------------|---------------|---------------|
| Equity Share Capital     | 300000        | 3000000       | 400000        | Fixed Assets                | 300000        | 300000        | 400000        |
| Preference Share Capital | 200000        | 200000        | 250000        | Investment                  | 100000        | 100000        | 100000        |
| General reserve          | 50000         | 100000        | 100000        | Debtors                     | 100000        | 150000        | 200000        |
| Secured Loan             | 1000000       | 100000        | 50000         | Stock                       | 50000         | 100000        | 50000         |
| Sundry Creditors         | 40000         | 80000         | 80000         | Advance payments            | 50000         | 50000         | 50000         |
| Bills Payable            | 10000         | 20000         | 20000         | Cash                        | 50000         | 50000         | 50000         |
|                          |               |               |               | Bank                        | 25000         | 40000         | 45000         |
|                          |               |               |               | Discount on issue of shares | 25000         | 10000         | 5000          |
| <b>Total</b>             | <b>700000</b> | <b>800000</b> | <b>900000</b> | <b>Total</b>                | <b>700000</b> | <b>800000</b> | <b>900000</b> |

Q.3. From the following P/L account prepare a vertical comparative income statement of Starlight

Company ltd for 2 years.

(15)

| Particulars                 | 2017 (Amt) | 2018 (Amt) |
|-----------------------------|------------|------------|
| Opening stock               | 225000     | 300000     |
| Purchases                   | 2250000    | 3210000    |
| Interest paid on Debentures | 150000     | 150000     |
| Depreciation on Machinery   | 36000      | 30000      |
| Depreciation on Furniture   | 15000      | 15000      |
| Administrative Expenses     | 294000     | 441000     |
| Selling Expenses            | 456000     | 753000     |
| Carriage outward            | 75000      | 315000     |
| Loss by fire                | -          | 15000      |
| Wages                       | 195000     | 300000     |

|                             |           |         |
|-----------------------------|-----------|---------|
| Provision for tax           | 570000    | 435000  |
| Sales                       | 45,00,000 | 6000000 |
| Closing stock               | 300000    | 360000  |
| Dividend received           | 12000     | 39000   |
| Profit on sale of machinery | 24000     | -       |

OR

**Q.3. From the following particulars of Nuton Ltd., prepare a vertical Common size Income statement and vertical common size balance sheet for the year ending 31<sup>st</sup> march 2018. (15)**

| PARTICULARS          | AMT      | PARTICULARS                  | AMT      |
|----------------------|----------|------------------------------|----------|
| Creditors            | 10,500   | COGS                         | 1,77,750 |
| Outstanding expenses | 19,500   | Selling overheads            | 90,000   |
| Cash                 | 6,750    | Admin overheads              | 23,000   |
| Debtors              | 22,750   | Tax paid                     | 8,500    |
| Prepaid Expenses     | 55,000   | Sales                        | 3,17,250 |
| Bank loan            | 56,250   | Loss on sale of investment   | 12,000   |
| Share capital        | 1,64,500 | Profit on sale on investment | 3,000    |
| Reserves & Surplus   | 25,000   | Fixed Assets                 | 1,58,750 |
| Stock                | 25,000   |                              |          |
| Bills receivables    | 2,500    |                              |          |

**Q.4. From the following particulars you are required to prepare an estimated working capital of Baaz Ltd. Annual production= 24000 units. (15)**

1. Raw Material Remains in stock for 2 months.
2. Processing period is half month.
3. Finished goods are in stock for 1 month.
4. Credit allowed by suppliers= 1.5 months.
5. Credit allowed to customers= 2.5 months.
6. Delay in payment of wages and overheads are 1 month.
7. Cash balance is 10 % of the net working capital before considering cash.
8. Cost Structure per unit= Raw material = Rs. 10, Wages= Rs. 5, Total cost= Rs. 30.
9. Profit is 20% on Selling Price.

OR

**Q.4. From the following balance sheet, prepare a Cash flow statement of Zee Company ltd. (15)**

| LIABILITIES          | AMT(2016) | AMT (2017) | PARTICULARS       | AMT(2016) | AMT(2017) |
|----------------------|-----------|------------|-------------------|-----------|-----------|
| Equity Share capital | 3,00,000  | 5,00,000   | Goodwill          | 1,10,000  | 90,000    |
| General reserve      | -         | 60,000     | Land & Building   | 1,60,000  | 1,80,000  |
| P/L Account          | -         | 58,000     | Plant & 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 Tax       | -         | 40,000    |
| Provision for tax    | -         | 50,000     | Bills Receivable  | 16,000    | 24,000    |
| Proposed Dividend    | -         | 40,000     | Prepaid Expenses  | 12,000    | 8,000     |
|                      |           |            | Cash              | 20,000    | 8,000     |
|                      |           |            | P/L Account       | 12,000    | -         |

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Additional Information:

1. During the year 2017, Depreciation of Rs. 16,000 & Rs.20,000 have been charged on land and building and plant and machinery.
2. An Interim dividend of Rs. 15,000 was paid during the year ended on 31<sup>st</sup> march 2017.
3. During the year, Machinery having book value of Rs. 16,000 was sold for Rs. 14000.

**Q.5. (a)** Distinguish between vertical and horizontal financial statements. (8)

**Q.5. (b)** Features of trend Analysis. (7)

OR

**Q.5. Write short notes on : (any 3 out of 5) (15)**

1. Current ratio
2. Window Dressing.
3. Any 5 types of working capital
4. Owned funds
5. Different parties involved in financial statements.

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