

Con. 4899-09.

GM-5747

(2 Hours)

[Total Marks : 60]

- N.B. :** (1) **All** questions are **compulsory** and carry **15** marks **each**.  
 (2) Working notes should be **part** of your answer.  
 (3) Proper **presentation** and **neatness** is **essential**.

1. From the following Balance Sheets of Asia Traders Ltd. prepare fund flow statement. 15

**Balance Sheets as on**

Liabilities	31-3-08 Rs.	31-3-09 Rs.	Assets	31-3-08 Rs.	31-3-09 Rs.
Equity Share Capital	30,000	40,000	Goodwill	11,500	9,000
Preference Share Capital	15,000	10,000	Land & Building	20,000	17,000
Profit & Loss A/c	7,000	11,800	Plant & Machinery	8,000	20,000
Creditors	7,500	9,900	Debtors	18,000	23,000
Proposed dividend	4,200	5,000	Stock	7,700	10,900
Tax Provision	4,000	5,000	Cash	1,500	1,000
			Bank	1,000	800
	<b>67,700</b>	<b>81,700</b>		<b>67,700</b>	<b>81,700</b>

Additional information :-

- (a) Dividend paid during the year amounted to Rs. 4,000.  
 (b) Income tax Rs. 3,500 has been paid during 2009.  
 (c) Interim dividend has been paid Rs. 2,000 in 2009.  
 (d) Depreciation charged during the year 2009 :  
     Rs. 1,000 on Plant and Machinery  
     Rs. 3,000 on Land and Building.

**OR**

1. Balance Sheet of AB firm as on 31-3-2009. 15

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
A's Capital Rs. 75,000		Building	2,00,000
B's Capital Rs. 25,000		Machinery	1,50,000
	1,00,000	Stock	1,00,000
C's Loan	2,50,000	Debtors	2,50,000
Loan from bank	4,00,000	Bank	1,50,000
Sundry Creditors	1,00,000		
	<b>8,50,000</b>		<b>8,50,000</b>

As the firm's profit completely vanished due to economic recession, the firm decided to wind up the business by disposing off all the assets. The proceeds were used to meet the outside liabilities at book value and the remaining was utilised for repaying the capital.

Prepare Cash Flow statement after closure of the business by using indirect method as per AS-3.

**[TURN OVER**

2. From the following cash flow statement, prepare fund flow statement, statement of 15 changes in working capital and adjusted Profit & Loss Account.

**Cash flow statement of M/s XYZ Ltd for the year ending 31-3-2009**

Particular	Rs.	Rs.
(A) Cash flows from Operating Activities :		
Net Profit (4,00,000 – 2,00,000)	2,00,000	
Add : Depreciation	1,00,000	
Transfer to General Reserve	1,00,000	
Proposed Dividend	1,60,000	
interim dividend	60,000	
Underwriting commission written off	1,40,000	
Profit before working capital changes	7,60,000	
Increase in stock	(3,00,000)	
Increase in debtors	(2,00,000)	
Net cash generated from operating Activities [A]		2,60,000
(B) Cash flow from Investing Activities :		
Purchase of fixed asset	(2,00,000)	
Net Cash used in Investing Activities [B]		(2,00,000)
(C) Cash flow from financing activities :		
Issue of Share Capital	2,00,000	
Proposed dividend paid	(1,40,000)	
Interim dividend paid	(60,000)	
Net cash flow from financing activities [C]		-
(D) Net increase in cash (A + B + C)		60,000
(E) Add : Balance at the beginning :		
Cash		2,00,000
(F) Balance at the end :		
Cash		2,60,000

OR

2. Prepare cash flow statement from the following information by indirect method :- 15

**Statement of Sources and Applications of funds for the year ended 31-12-2008**

Sources	Rs.	Applications	Rs.
Sale of fixed assets	6,000	Redemption of Preference shares	10,000
Dividend received on investment	1,000	Purchase of investments	5,000
Issue of equity shares	40,000	Purchase of Plant	60,500
Fund from operation	90,500	Payment of final dividend	24,500
		Tax paid	21,000
		Increase in Working Capital	16,500
	1,37,500		1,37,500

**Adjusted Profit & Loss A/c for the year ended 31-12-2008**

Particulars	Rs.	Particulars	Rs.
To Depreciation	15,000	By balance b/d	12,000
To Goodwill written off	8,000	By funds from operations	90,500
To Preliminary expenses written off	1,000		
To Loss on sale of fixed asset	1,500		
To Provision for tax	26,000		
To Proposed dividend	27,500		
To Transfer to General Reserve	4,000		
To balance c/f	19,500		
	1,02,500		1,02,500

**Statement of changes in Working Capital**

Particulars	2007 Rs.	2008 Rs.	Increase Rs.	Decrease Rs.
(A) Current Assets :				
Sundry Debtors	69,000	86,000	17,000	
Stock	31,000	43,500	12,500	
Cash on hand	6,000	3,000		3,000
Cash at Bank	9,000	9,000		-
<b>[A]</b>	<b>1,15,000</b>	<b>1,41,500</b>		
(B) Current Liabilities :				
Sundry Creditors	10,000	19,000		9,000
Liability for expenses	20,000	21,000		1,000
<b>[B]</b>	<b>30,000</b>	<b>40,000</b>		
Working Capital <b>[A - B]</b>	85,000	1,01,500		
Increase in Working Capital	16,500	-		16,500
<b>TOTAL</b>	<b>75,500</b>	<b>75,500</b>	<b>29,500</b>	<b>29,500</b>

[TURN OVER

Con. 4899-GM-5747-09.

4

3. Complete the following Balance Sheet with the help of additional informations provided :- 15

**Balance Sheet of ABC Ltd. as on 31st Dec. 2008**

Liabilities	Rs.	Assets	Rs.
Current Debt	?	Cash	?
Long Term Debt	?	Stock	?
Total Debt	?	Total Current Assets	?
Owner's Equity	?	Fixed Assets	?
	?		?

Additional Information :-

- Owner's Equity is Rs. 2,00,000
- Current Debt to Total Debt 0.40
- Fixed Assets to Owner's Equity 0.60
- Total Debt to owner's Equity 0.60
- Total Assets Turn Over (Sales/Total Assets) 2 Times
- Stock Turn Over ratio (Sales / Stock) 8 Times.

**OR**

3. Following figures have been extracted from the books of X Ltd. :-

15

	Rs.		Rs.
Land & Building	12,00,000	Plant & Machinery	10,00,000
Equity Capital	10,00,000	Pref. Share Capital	4,00,000
Stock	4,80,000	Debtors	4,00,000
Bank	1,10,000	S. Current Assets	10,000
P & L Account (Cr.)	4,00,000	Gen. Reserve	2,00,000
S. Creditors	1,60,000	Bills Payable	1,20,000
S. Current Liabilities	1,20,000	Debentures	8,00,000

You are required to (a) rearrange above figures in vertical form and (b) Calculate (i) Debt Equity Ratio (ii) Proprietary Ratio (iii) Capital Gearing Ratio.

4. (a) Quick ratio of 'A' Ltd is 0.90 : 1 state with reasons how the following transactions will increase, decrease or not affect the ratio independently :- 10
- Issue of Bills Payable to creditors
  - Purchase of goods for cash
  - Preliminary expenses written off
  - Purchase of Furniture of credit
  - Redemption of Debentures.
- (b) Quick ratio is 2 : 1 if its stock is of Rs. 40,000 and its total current liabilities are Rs. 1,00,000, find out current ratio. Assume there is no Bank over draft. 5

**OR**

4. Write short notes on any **three** :- 15
- Non Operating Income
  - Current Ratio
  - Funds from operations
  - Return on Capital employed.