

BT. 39

A-109

SY (BBI)

1/10/12

MN10AGW

fin. Mgt.

TIME : 2 Hrs.

Marks :60

Note : -

Q.1 Write Short Note on.

A. Convertible Debentures (7)

B. Sources of working Capital (8)

OR

Q.1 What is ploughing back of profit? What are its advantages to Company and share holders. (15)

Q.2 Following are the extracts from the financial Statements of M/S Ashish Ltd. as on 31 st December, 2006 & 31 st December 2007. (15)

Particulars	31 -12 - 2006	31 -12 - 2007
Closing Stock	10,000	25,000
Debtors	20,000	20,000
Bills Receivable	10,000	5,000
Advance recoverable in cash or kind	2,000	5,000
Cash on hand	18,000	15,000
Sundry Creditors	25,000	30,000
Bills payable	15,000	20,000
Bank Overdraft	-	2,000
9% Debentures 2006	5,00,000	5,00,000
Sales for the year	3,50,000	3,00,000
Gross profit	70,000	50,000

you are required to compute for each of the year.

- Current Ratio
- Liquid ratio
- Stock Turnover Ratio
- Debtors Turnover Ratio
- Stock working capital Ratio and offer your comments.

Q.2 With the help of the following ratios regarding Gandhi films, draw the Balance sheet of the company for the year 2008. (15)

1. Current Ratio 2.5
2. Liquid Ratio 1.5
3. Net working capital ₹ 3,00,000
4. Stock Turnover Ratio 6 Times
(Cost of sales / closing stock)
5. Gross profit Ratio 20%
6. Fixed Assets Turnover Ratio 2 Times
(Cost of sales / Fixed assets)
7. Debt Collection period 2 Moths
8. Fixed Assets to shareholders 0.80
Net worth
9. Reserve & surplus to Capital 0.50

Q.3 The Board of Directors of Manish Co. Ltd. was not able to understand why the company was having a low cash balance. The profits of the Company were going up, and in the year ending 30th June, 2007, the amount of profit was ₹ 90,000. This was the highest amount, as compared to the corresponding figures of the last three years. you are advised by the board to present the statement of cash flow in the next meeting of the Board. Prepare this statement with the help of following information. (15)

Extract from the books of Manish Co. Ltd.

(₹ 000.)

Liabilities	30/6/2006	30/6/2007	Assets	30/6/2006	30/6/2007
Issued & Paidup Capital	1,575.00	1,575.00	Long Term Assets (NET)	1,125.00	2047.00
Profit and Loss A/c	157.50	225.00	Closing Stock	337.50	900.00
Mortgage Loan	-	900.00	Payment (related to	45.00	90.00
Tax Accured (Unpaid)	22.50	67.50	administrative Exp.)	-	-
Trade Creditors	315.00	877.50	Sundry Debtors	112.50	450.00
			Cash	450.00	157.50
	2,070.00	3,645.00		2,070.00	3,645.00

Statement of profit & Loss A/c for the year ended 30th June, 2007.

Particulars	(₹ 000.)	(₹ 000.)
Sales	-	2,250.00
Opening stock (1 st July, 2006)	337.50	
Add :- Purchases	2,205.00	
	2,542.50	
Less :- Closing Stock (30/6/2007)	900.00	1,642.50
Gross Profit		607.50
Less :- Administrative expenses	247.50	
Depreciation	180.00	
Taxes (Provision)	90.00	517.50
Net profit		90.00
Payment of Dividends		22.50
Balance		67.50
Add :- Profit & Loss A/c balance (1 st July, 2006)		157.50
Balance as on 30 th June, 2007		225.00

on 15 th June, 2007, a new building was purchased for ₹ 11,02,500. for making the payment for the building the company paid a deposit of ₹ 2,02,500 and obtained a mortgage loan of ₹ 9,00,000 for the balance of purchase price of building.

Profit & Loss A/c for the year ending 31 st December, 2009

(15)

Particulars		Amount	Particulars		Amount
To opening stock			By Sales		
Raumaterial	40,000		Cash	80,000	
Fin. Goods	80,000		Credit	<u>8,55,000</u>	9,35,000
W.I. P.	<u>60,000</u>	1,80,000			
To Purchases			By Closing Stock -		
Raw Materials	3,90,000		Raw material	80,000	
Fin. Goods	<u>60,000</u>	4,50,000	Fin. Goods	1,00,000	
To stores Consumed		70,000	W.I.P.	<u>55,000</u>	2,35,000
To Carriage Inwards		80,000			
To Workers wages, Bonus, etc.		1,40,000	By Interest on Loan		1,500
To Power, fuel and Water		20,000			
To Machinery Repairs		15,000	By Profit on sale of assets		600
To Maintenance					
Exps of factory		25,000	By Dividend on Shares		1,000
To Salaries		67,200			
To Rates & Taxes		5,400	By Damages awarded by the court in favour of the concern for infringement of trade marks.		900
To Rent of office		3,000			
To Exhibition & Trade fair exps		3,000			
To showroom Expenses		4,000			
To Comm & Brokerage		1,700			
To Delivery Van Exp.		1,300			
To Printing & Stationary		4,000			
To Postage & Telephone		7,300			
To Cash Discount		800			
To Director's Fees		2,500			
To Auditor's Remuneration		3,000			
To Advertisement		2,000			
To Professional Expenses		2,500			
To Dep on office Furniture		7,000			
To Warehouse Rent		7,200			
To interest Public Deposit		8,600			
To Debenture Interest		6,750			
To Salesman's Travailing Expenses		4,300			
To Warehouse Expenses		1,500			
To Trade Discount		2,050			
To Guarantee Commission		2,400			
To prov. for Taxation		23,000			
To Penalty for Breach of Law		1,000			
To Net Profit. c/d		22,500			
		<u>11,74,000</u>			
To Bal. carried to B/S		31,000	By Balance C/d		11,74,000
To General Reserve		15,000	By Net profit b/d		23,500
		<u>46,000</u>			22,500
					<u>46,000</u>

From the above Profit & Loss Account Prepare

1. Vertical from of Profit & Loss Account
2. Retained Earnings Statements

Q.4 Find the amount of working Capital.

(15)

Production Expected	3,00,000 units
Expected Raw Material Consumption	₹ 18,00,000
Expected Wage Payment	₹ 3,00,000
Expected Overhead Expenses	₹ 6,00,000

Raw Materials are expected to remain in stores for 2 months.

Raw Materials are expected to remain in process for 4 weeks.

Finished goods will remain in godown for 3 months.

Sundry Creditors allow a 3 months credit.

Sundry Debtors are allowed a 2 months credit.

Time lag in payment of wages in half month.

Minimum Cash to be maintained ₹. 12,500.

Selling Price ₹. 10.00 per unit.

Profit on Sale is 10 %

Q.4 Present the following balance sheet in columnar form.

M/s Sumeet Tags Ltd

Balance Sheet as on 31 st March, 2008 and 2009.

Particulars	2008	2009
Current Assets		
Cash and Bank Balance	75,000	50,000
Sundry Debtors	1,25,000	1,00,000
Closing Stock	75,000	60,000
Other Current Assets	50,000	50,000
	3,25,000	2,60,000
Fixed Assets		
Land and Building	20,000	40,000
Plant and Machinery	15,000	30,000
Furniture and Fixtures	10,000	20,000
	45,000	90,000
Total Assets	3,70,000	3,50,000
Current Liabilities -		
Acceptance	10,000	5,000
Sundry Creditors	1,15,000	1,00,000
	1,25,000	1,05,000
Long term Liabilities and Capital		
Debetures	1,00,000	75,000
Reserves and Surplus	45,000	50,000
Eqy Share Capital	1,00,000	1,20,000
	2,45,000	2,45,000
TOTAL LIABILITIES	3,70,000	3,50,000
