

Time : 2 hours

Marks : 60

- INSTRUCTIONS :** 1) Question No. 1 & Question No. 2 is Compulsory.
2) Solve questions 3 & 4 after considering internal option.
3) Each questions carries 15 Marks.

- Q. 1** Re-arrange the following Balance Sheet and profit & loss account of Riddhi Ltd in a form suitable for analysis and calculate following ratio, and give your Comments. (15)

Balance Sheet

| Liabilities | Amt. | Asset | Amt. |
|------------------------|-------------|------------------|-------------|
| Capital of Rs. 10 each | 70000 | Fixed Assets | 90000 |
| Reserves | 80000 | Current Assets | 110000 |
| Secured loans | 22000 | Loans & Advances | 52000 |
| Current liabilities | 26000 | | |
| Provisions | 54000 | | |
| | 252000 | | 252000 |

Profit & Loss Account for the year ended 31.12.08

| Particulars | Amount | Particulars | Amount |
|----------------------------|---------------|--------------------|---------------|
| To opening stock | 44000 | By Sales | 210000 |
| To purchases | 84000 | By Closing stock | 46000 |
| To Wages | 40000 | | |
| To Factory Expenses | 32000 | | |
| To Administrative expenses | 8000 | | |
| To selling expenses | 6000 | | |
| To Managerial Remuneration | 2000 | | |
| To trt of Reserve | 2000 | | |
| To proposed dividend | 6000 | | |
| To Income Tax | 22000 | | |
| To Balance c/fd | 10000 | | |
| | 256000 | | 256000 |

- 1) Current ratio
- 2) Proprietary ratio
- 3) Stock to working Capital ratio
- 4) Cost of sales to sales ratio
- 5) Selling Expenses ratio.

- Q.2 Explain the followings.** (15)

- 1) What is own fund? (02)
- 2) What is comparative statement? (02)

- 5) Explain Gross working Capital. (02)
 6) Explain Short Term sources of finance. (02)
 7) Defined Fund Flow Statement. (03)

Q.3 Following are the Balance Sheet of M/s Ram Ltd. As on 31st December 2006 and 2007.

| Liabilities | 2006 | 2007 | Assets | 2006 | 2007 |
|-------------------------|---------------|---------------|-----------------------|---------------|---------------|
| Equity Share Capital | 125000 | 125000 | Goodwill | 50000 | 45000 |
| 11% Pref. Share capital | 205000 | 250000 | Plant | 120000 | 225000 |
| Share Premium | 20000 | 25000 | Land and Building | 150000 | 175500 |
| Capital Reserve | 48000 | 48000 | Investment | 60000 | 80500 |
| Profit & Loss A/c | 50000 | 80000 | Short Term Investment | 70000 | 45000 |
| 10% Debentures | 80000 | 180000 | Stock | 25000 | 65000 |
| Bills payable | 20500 | 27500 | Debtors | 55000 | 95000 |
| Bank over draft | 60000 | 70000 | Cash & Bank | 30000 | 45000 |
| Provision for tax | 23000 | 35500 | Furniture | 132000 | 140000 |
| Creditors | 60500 | 75000 | | | |
| Total | 692000 | 916000 | | 692000 | 916000 |

You are required :

- A) To prepare Comparative Financial statements in Vertical form and Offer your comments. (15)

OR

Q.3 Vinayak Ltd. Submits following statements for the year 2007.

Profit & loss Account for the year ended 31-12-07.

(15)

| Particulars | Amt | Particulars | Amt |
|----------------------------|---------------|---------------------|---------------|
| To Opening Stock | 50000 | By Sales | 800000 |
| To Purchases | 500000 | By Closing Stock | 25000 |
| To Wages | 100000 | | |
| To Gross Profit | 175000 | | |
| | 825000 | | 825000 |
| To Selling expenses | 50000 | By Gross Profit B/d | 175000 |
| To Administrative expenses | 35000 | By Royalties | 30,000 |
| To Office Rent | 12500 | | |
| To Depreciation | 10000 | | |
| To Income Tax | 5000 | | |
| To Net Profit | 92500 | | |
| Total | 205000 | Total | 205000 |

P.T.O.

Balance sheet as on 31st December 2007

| Liabilities | Amt | Asset | Amt |
|------------------------|---------------|-----------------------|---------------|
| Equity Share | 150000 | Fixed Assets | 300000 |
| 5% Preference Shares | 100000 | Cash in Hand | 22750 |
| Reserves & Surplus | 50000 | Debtors | 57500 |
| Debentures | 75000 | Marketable Securities | 50000 |
| Creditors | 45000 | Stock | 25000 |
| Provision for taxation | 22500 | | |
| Bills Payable | 12750 | | |
| Total | 455250 | Total | 455250 |

Prepare Vertical common size statement and offer comments.

- Q.4** Kaurav and Pandav are carrying on Partnership business. Their position as on 31st December 2008, 2007 & 2006 are as follows. (15)

Prepare Trend analysis and offer your comments.

| Liabilities | 2008 | 2007 | 2006 | Assets | 2008 | 2007 | 2006 |
|-------------------|---------------|---------------|---------------|-----------------------|---------------|---------------|---------------|
| Partners Capitals | 400000 | 340000 | 300000 | Fixed Assets | 400000 | 360000 | 280000 |
| General Reserve | 100000 | 100000 | 100000 | Current Assets | | | |
| Secured Loans | 60000 | 60000 | 50000 | Stock | 160000 | 150000 | 135000 |
| Unsecured Loans | 160000 | 180000 | 140000 | Debtors | 200000 | 160000 | 140000 |
| Sundry Creditors | 160000 | 90000 | 45000 | Loans & Advance | 100000 | 80000 | 60000 |
| | | | | Bank Balance | 20000 | 20000 | 20000 |
| Total | 880000 | 770000 | 635000 | Total | 880000 | 770000 | 635000 |

Summarised income statement for the year ended.

| Particulars | 2008 | 2007 | 2006 |
|----------------------|---------|---------|---------|
| Income / Sales | 4000000 | 3600000 | 3000000 |
| Less : Cost of sales | 2800000 | 2400000 | 2000000 |
| Gross Profit | 1200000 | 1200000 | 1000000 |
| Less : Expenses | 800000 | 800000 | 700000 |
| Net Profit | 400000 | 400000 | 300000 |

OR

- Q. 4** The Board of Directors of Hanuman Ltd, requests you to prepare a statement showing the requirements of working capital for a forecast level of activity of 52000 units in the ensuing year (52 Weeks) from the following information made available. (15)

Cost per unit (Rs.)

| | |
|----------------------------------|------------|
| Raw Material | 400 |
| Direct labour | 150 |
| Overheads manufacturing | 200 |
| Overheads selling & Distribution | <u>100</u> |

Additional Information :

- 1) Selling Price Rs. 1000 per Unit.
- 2) Raw Materials in Stock - Average 4 weeks.
- 3) Work in progress - Average 4 weeks
- 4) Finished goods in stock - Average 4 weeks
- 5) Credit allowed to Debtors - Average 8 weeks
- 6) Credit allowed by suppliers - Average 4 weeks
- 7) Cash at Bank is expected to be Rs. 50,000
- 8) All sales are on Credit basis
- 9) All the activities are evenly spread out during the year.
- 10) Debtor are to be valued at sales.

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