

Instruction : 1] Section I is compulsory.

2] Attempt any 3 question out of 5 in section - II

2] Figures to the right indicate full marks.

SECTION - I

Q.1 Answer the following in brief :-

10

- Explain briefly "factoring" as a method of financing.
- What are the various costs associated with accounts receivables?
- What is the meaning of 'Cash' in Cash Flow statement?
- Why is cost of debt normally less than the cost of equity?
- Write a short note on Working Capital cycle.

Q.2 Find out the missing figures in the following Income statement and Balance Sheet of M/s Anil Starch Ltd. for the year ended 31.03.07 and rewrite the statements

15

Income Statement	
Sales	?
Cost of Sales	?
Gross Profit	?
Overheads	?
Net Profit	?

Balance Sheet as on 31.03.07

Liabilities	Amount	Assets	Amount
Share Capital	500,000	Fixed Assets	?
General Reserve	300,000	Stock	?
Loans	?	Debtors	?
Sundry Creditors	600,000	Bank Balance	?
		Cash	?
	?		

Additional Information :-

- Debt Equity Ratio 1.25 : 1
- Gross profit Ratio 30%
- Net Profit 20% of Gross Profit
- Total Assets Turnover Ratio 2 times
- Average collection period 1 month
- Liquid Ratio 1 : 1