SY (AF)
Mgt. Acctg - I

(lib)

**LM3AGB**

11/3/13

**TIME : 2 Hrs.** **Marks : 60**

**Q.1** Following information of Rajendra Ltd. for the year ended 31st March, 2010 and 31st March, 2011 year. You are required to comment with the help of comparative statement after rearranging in vertical form suitable for analysis. [15]

| Particulars | 2010 ₹ | 2011 ₹ |
|---|---|---|
| Sales | 15,20,000 | 22,80,000 |
| Return inward | 20,000 | 30,000 |
| Opening stock Raw Material | 7,600 | 7,600 |
| Purchase of Raw Material | 3,90,000 | 5,85,000 |
| Working in-progress -opening | 10,000 | 10,000 |
| Work-in-progress closing | 10,000 | 15,000 |
| Closing stock - Raw Material | 7,600 | 11,400 |
| Power | 50,400 | 75,600 |
| Depreciation on Machinery | 70,000 | 1,05,000 |
| Repair factory Building | 40,000 | 60,000 |
| Direct labour | 2,50,500 | 3,75,750 |
| Selling and Distribution expenses | 1,05,400 | 1,58,100 |
| Finance Expenses | 70,000 | 70,000 |
| Administrative Expenses | 73,500 | 73,500 |

**OR**

**Q.1** Moon Ltd Provides you following Balance sheets. Rearrange them in vertical form and prepare common size statements and offer your comments. [15]

| Liabilities | 31.3.2010 | 31.3.2011 | Assets | 31.3.2010 | 31.3.2011 |
|---|---|---|---|---|---|
| 14% Preference share capital | 1,05,000 | 1,50,000 | Goodwill | 42,500 | 32,500 |
| Equity Share cap. | 1,28,000 | 1,28,000 | Plant | 1,20,000 | 2,29,000 |
| Dividend Equalisation Reserve | 24,000 | 35,000 | Factory Bldg | 85,000 | 80,700 |
| Capital Reserve | 48,000 | 48,000 | Trade Invt | 60,000 | 80,200 |
| 10% Debenture | 80,000 | 1,80,000 | Short Term invt | 75,800 | 47,700 |
| Creditors | 60,500 | 75,000 | Debtors | 52,000 | 95,600 |
| Bills Payable | 20,500 | 27,500 | Stock | 27,500 | 68,300 |
| Tax provision | 23,000 | 35,500 | Cash / Bank | 26,200 | 45,000 |
| | **4,89,000** | **6,79,000** | | **4,89,000** | **6,79,000** |

**Q.2 Objectives**

**A) Fill in the blanks.** [8]

1. In common size analysis the items in the income statement are expressed as percentage of ......................

   a) Total assets  b) Net sales

   c) Gross Sales  d) Total expenses

2. The proprietary ratio shows in the relation between proprietors funds and .....................

   a) Total capital  b) Total fixed assets

   c) Total tangible assets  d) Total assets

3) Marketable securities will be classified as .................

   a) Operating activities  b) investing activities

   c) Financing activities  d) Cash or Cash equivalents

4) ................ refers to idle funds which earns no return.

   a) shortage of working capital  b) excess working capital

   c) variable working capital  d) fixed working capital

5) Capital employed in equal to ................

   a) Fixed assets + current assets  b) Net worth + Long-term Liabilities

   c) Shareholders funds  d) Total assets

6) Quick Liabilities is equal to ....................

   a) Current assets - (stock - prepaid expenses)

   b) Current assets - (stock + prepaid expenses)

   c) Current assets + (stock - prepaid expenses)

   d) Current assets + (stock + prepaid expenses)

7) The average Collection period is ....................

   a) 55 days  b) 47 days

   c) 57 days  d) 52 days

8) A high Gross Profit Ratio indicate ................

a) low cost indicates | b) high cost of production
c) high sales | d) high net sales

**B) State whether TRUE or FALSE :** [7]

1. Owed funds is an internal source of finance.
2. Debt service Ratio = $\frac{\text{PBIT}}{\text{Interest}}$
3. Tax-Refund is an non-operating Cash flow.
4. The term net working capital refers to the liquid assets.
5. Loans given to others is a financing activity
6. Bank over draft = Current Assets - Stock
7. The Unclaimed dividends are classified as current liabilities in vertical financial statement.

**OR**

**Q.2 A) Match the following colums :** [6]

| Column A | Column B |
|---|---|
| 1. Internal analysis | 1) Profitability ratio |
| 2. Test of Solvency | 2) Receipts from goods |
| 3. Operating Inflows | 3) Financing outflows |
| 4. Net working Capital | 4) Debt equity ratio |
| 5. Return on Investments | 5) Current assets - current liabilities |
| 6. Buy back of Shares | 6) Owners or managers of the concern itself |

**B) Classify the following into cash flows from .** [9]

a) Operating activities

b) Investing activities and

c) Financing activities

1. Cash payments of salaries and wages to employees.
2. Interest paid on debentures.
3. Cash paid to supplier of raw materials
4. Payment of dividends
5. Brokerage paid on purchase of investments
6. Dividend paid on preference shares
7. Income Tax paid
8. Purchase of Govt. Securities

**Q.3** Following is the Balance sheet of Jupiter Ltd. [15]

Balance sheet as on 31st March, 2012

| **Liabilities** | ₹ | **Assets** | ₹ |
|---|---|---|---|
| Equity Share capital | 1,00,000 | Cash in hand | 2,000 |
| 6% preference share cap. | 1,00,000 | Cash at Bank | 10,000 |
| 7% Debentures | 40,000 | Bills Receivable | 30,000 |
| 8% Public Deposits | 20,000 | Debtors | 70,000 |
| Bank over draft | 40,000 | Stock | 40,000 |
| Creditors | 60,000 | Advances | 20,000 |
| Unpaid dividend | 10,000 | Furniture | 30,000 |
| Outstanding expenses | 7,000 | Machinery | 1,00,000 |
| Reserves | 1,50,000 | Land & Building | 2,20,000 |
| Provision for Tax | 20,000 | Goodwill | 30,000 |
| Profit & Loss A/c | 20,000 | Preliminary Exp. | 10,000 |
| | | Calls in arrears in Equity shares | 5,000 |
| | **5,67,000** | | **5,67,000** |

Convert the above balance sheet in vertical form and calculate

a) Current Ratio b) Quick Ratio c) Proprietory Ratio

d) Capital gearing Ratio e) Stock working Capital Ratio.

**OR**

**Q.3** You are furnished with the following revenue statements for the 4 years ended 31st December [15]

| **Particulars** | **2009** | **2010** | **2011** | **2012** |
|---|---|---|---|---|
| Sales | 50000 | 60000 | 72000 | 86400 |
| (-) Cost of sales | 32000 | 38000 | 46000 | 56000 |
| Margin | 18000 | 22000 | 26000 | 30400 |
| Management expenses | 3000 | 3500 | 4000 | 4500 |
| Sales Expenses | 5000 | 6000 | 7200 | 8640 |
| Interest on loan | 3000 | 4000 | 5000 | 6000 |
| Total Expenses | 11000 | 13500 | 16200 | 19140 |
| Profit before Depri | 7000 | 8500 | 9800 | 11260 |
| Depreciaiton | 5000 | 4500 | 6000 | 6500 |
| Profit before Tax | 2000 | 4000 | 3800 | 4760 |
| Income Tax | 800 | 2000 | 1850 | 2400 |
| Profit after Tax | 1200 | 2000 | 1950 | 2360 |

You are required to make trend analysis (absolute figures need not be shown) and comment in brief on changes in Gross Profit, Net Profit before Tax year 2012.

The material required per unit is ₹ 550/- The direct labour is ₹ 12,00,000/- per month. The expenses are 1,26,00,000/- per annum. The sale price is fixed by calculating profit at 20% on sale price.

Calculate requirement of working capital for 2012 by taking into consideration following information.

1. Stock of raw materials will be two months.
2. Process time is one month.
3. Stock of finished goods will be 1.5 months
4. Credit allowed to 50% customers two months on acceptance of bills and balance 50% customers given one month credit
5. 25% of expenses are paid one month in advance and balance 75% is paid after one month.
6. Time lag in payment of wages is one month.
7. 20% of material is purchased on cash basis and suppliers of 80% material give 1.5 months credit
8. Cash required is 15% of net working capital

OR

Q.4 Following are summarised Balance sheets of Mercury Ltd as on 31st Dec., 2011 and 2012 [15]

| Liabilities | 2011 | 2012 | Assets | 2011 | 2012 |
|---|---|---|---|---|---|
| Equity Share cap. | 2,00,000 | 2,50,000 | Bank | 35,000 | 16,000 |
| 12% Debenture | 1,00,000 | 80,000 | Stock | 40,000 | 75,000 |
| 10% Preference share capital | 50,000 | 80,000 | Debtors | 90,000 | 1,50,000 |
| | | | Machinery | 75,000 | 60,000 |
| Bank loan | 70,000 | 1,10,000 | Furniture | 10,000 | 8,000 |
| Reserves | 20,000 | 25,000 | Land | 1,70,000 | 2,80,000 |
| Profit and loss a/c | 50,000 | 60,000 | Buildings | 1,40,000 | 99,000 |
| Creditors | 60,000 | 75,000 | Goodwill | 30,000 | 25,000 |
| Bills Payable | 40,000 | 33,000 | | | |
| | 5,90,000 | 7,13,000 | | 5,90,000 | 7,13,000 |

Additional Information

1. Depreciation charged during 2012 was ₹ 4000 on furniture, ₹ 12000 on machinery and ₹ 20,000 on buildings
2. Part of Machinery was sold for ₹ 15000 at a loss on ₹ 4,000.
3. During 2012 Interim dividend was paid ₹ 10,000 and Income Tax was paid ₹ 5000.
4. During the year part of the Building was sold at book value.