

TIME : 2 hours

MARKS : 60

- Note:** a) Section I is Compulsory  
b) Attempt any 3 from section II

## SECTION - I

**Q. 1** Explain the following concepts.

- 1) Working capital cycle.
- 2) Trend analysis.
- 3) profitability ratios.
- 4) Break even chart
- 5) Return on capital employed.

(15)

**Q. 2** Following to the Balance sheet of Agro Ltd. as on 31.3.2008

(15)

Liabilities	Rs.	Assets	Rs.
Equity share capital	4,00,000	Land & Building	4,50,000
Capital Reserves	60,000	Furniture	1,20,000
General Reserves	30,000	Investment (Long term)	2,30,000
P & L A/c	10,000		
10% Debentures	2,00,000	Dedtors	1,45,000
Secured loan	1,50,000	Stock	55,000
Creditors	1,60,000	Bank Balance	15,000
Bills payable	20,000	Preliminary Expenses	20,000
Bank overdraft	5,000		
	<b>10,35,000</b>		<b>10,35,000</b>

Rearrange the above Balance sheet in vertical form and calculate :

- 1) Proprietary Ratios.
- 2) Quick Ratios.
- 3) Debt Equity Ratios
- 4) Current Ratios
- 5) Capital Gearing Ratios

## SECTION - II

**Q. 3** The following is the summarized Balance sheet of M/s. ABC Ltd. as at 31-3-2008. (10)

Liabilities	Rs.	Assets	Rs.
Equity share Capital	5,00,000	Fixed Assets	8,70,000
General Reserve	3,00,000	Investment	1,00,000
12% Debentures	3,50,000	Stock	3,00,000
Fixed Deposits from Public	1,20,000	Debtors	3,40,000
Creditors	1,81,000	Cash and bank balance	53,000
Bills Payable	1,25,000		
Provision for Tax.	87,000		
	<b>16,63,000</b>		<b>16,63,000</b>

Prepare a common size balance sheet.

**Q. 4** The Board of Directors of century Ltd. require you is prepare of statement showing the requirement of working capital for a forecast Level of activity of 52,000 units in the ensuring year (52 weeks) from the following information made available (10)

	Cost per unit
Raw Material	400
Direct Labour	150
Manufacturing overhead	200
Selling & Distribution Overhead	100
	<b>850</b>

**Additional Information**

- |                                   |                   |
|-----------------------------------|-------------------|
| a) Selling Price                  | Rs. 1000 per unit |
| b) Raw Materials in stock         | Average 4 weeks   |
| c) Work - in - Progress           | Average 4 weeks   |
| d) Finished Goods in stock        | Average 4 weeks   |
| e) Credit allowed to Debtors      | Average 4 weeks   |
| f) Credit allowed by Creditors    | Average 4 weeks   |
| g) Cash at bank is expected to be | Rs. 50,000        |

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- h) All sales are on credit basis
- i) All activities are spread out evenly throughout the year.
- j) Debtors are to be valued at sales.

**Q. 5** The following is the cost structure of a product. (10)

Selling price is Rs. 100/- per unit

Variable cost per unit

Material Rs. 38/-

Labour Rs. 14/-

Direct Expenses Rs. 8/-

Fixed overhead per year

Factory overhead Rs. 280,000

office over head Rs. 220,000

Number of units produced and sold 40,000 units calculate;

- a) P/V Ratio
- b) Break even point
- c) Margin of safety
- d) Revised Break even point if fixed overhead are increased by 20%

**Q. 6 a)** Classify the following into cash flows from operating activities, investing activities or financing activities (5)

- 1) Purchase of Machinery
- 2) Salaries Paid
- 3) Dividend paid
- 4) Issue of Debentures
- 5) Received cash from customers

**b)** What are advantages of cash flow statement (5)

