



Time : 2 & 1/2 Hours

Marks : 75

Instructions:

1. All questions are compulsory; subject to internal choice in question no 1 to 4.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.

Q.1 Attempt any 2 questions

(15)

- a) From the following Profit & Loss A/c of Vijay Ltd. for the years 2015 & 2016. You are required to prepare it in Comparative Income Statements.

(7.5)

Profit & Loss A/c

Particulars	2015	2016	Particulars	2015	2016
To Opening Stock	9,000	6,000	By Sales	1,30,000	1,36,000
To Purchases	28,000	36,000	By Closing Stock	4,000	5,000
To Rent	8,000	5,000	By Interest on Dividend	8,000	11,000
To Depreciation	4,500	6,500	By Dividend on Share	4,500	6,000
To Advertisement	15,000	17,000			
To Finance Exp	5,000	6,000			
To Insurance	1,500	2,500			
To Telephone Exp	2,500	3,600			
To Director Fees	3,000	4,500			
To Net Profit	70,000	70,900			
Total	146,500	158,000	Total	146,500	158,000

- b) The following is the balance sheet of XYZ Ltd. is given for the year 2016. You are required to present it in Common Size Vertical Balance Sheet.

(7.5)

Balance Sheet

Liabilities	2016 Rs.	Assets	2016 Rs.
Equity Shares	3,00,000	Goodwill	2,80,000
Reserves & Surplus	1,50,000	Land & Buildings	1,50,000
10% Debentures	2,15,000	Stock in trade	1,43,000
Sundry Creditors	1,30,000	Sundry Debtors	2,40,000
Bank Overdraft	40,000	Cash in Hand	22,000
Total	8,35,000	Total	8,35,000

- c) Explain in brief – Disclosure in Notes requirement of Revised Schedule VI in respect of Share Capital

(7.5)

Q.2 Attempt any 2 questions

(15)

- a) Extracts from financial accounts of LMN Ltd. are given below:

(7.5)

	Year - I		Year - II	
	Assets Rs	Liabilities Rs	Assets Rs	Liabilities Rs
Stock	20,000		40,000	-
Debtors	60,000		60,000	-
Payment in advance	4,000			-

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Sales amounted to Rs 7,00,000 in the first year and Rs. 6,00,000 in the second year.
You are required to Calculate

1. Current Ratio
2. Quick Ratio
3. Debtors Collection Period
4. Stock to Working Capital.

b) Following is the Balance Sheet PQR Ltd. for the year ending Dec 31st 2016:

Liabilities	Amount Rs.	Assets	Amount Rs.
Equity Share Capital	5,00,000	Land & Building	3,60,000
5% Debentures	2,00,000	Plant & Machinery	2,50,000
Bank Loan	1,50,000	Cash in Hand	25,000
Sundry Creditors	75,000	Cash at Bank	55,000
Bills Payable	50,000	Sundry Debtors	85,000
Outstanding Expenses	5,000	Stock	1,05,000
		Prepaid Expenses	1,00,000
Total	9,80,000	Total	9,80,000

(7.5)

You are required to Calculate

1. Current Ratio
2. Quick Ratio
3. Proprietary Ratio
4. Stock to Working Capital.

c) Classification of ratio based on function.

(7.5)

Q.3 Attempt any 2 questions

(15)

a) Prepare Cash Flow Statement of Sridevi Ltd., as per indirect method from the following Balance Sheet as on 31st March.

(7.5)

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Preference Share Capital	2,00,000	3,00,000	Machinery	1,05,000	1,25,000
Equity Share Capital	4,00,000	5,00,000	Furniture	15,000	25,000
Profit & Loss a/c	18,000	42,000	Debtors	1,50,000	1,90,000
General Reserve	12,000	18,000	Cash	2,20,000	3,42,000
Bills Payable	40,000	40,000	Stock	3,30,000	3,10,000
Creditors	1,60,000	1,00,000	Preliminary Expenses	10,000	8,000
Total	8,30,000	10,00,000	Total	8,30,000	10,00,000

b) Prepare Cash Flow Statement of Juhi Ltd., as per indirect method from the following Balance Sheet as on 31st March.

(7.5)

Liabilities	2015	2016	Assets	2015	2016
	Rs.	Rs.		Rs.	Rs.
Share Capital	3,00,000	4,00,000	Machinery	50,000	60,000
Creditors	1,00,000	70,000	Furniture	10,000	15,000
Profit & Loss a/c	15,000	30,000	Stock	85,000	1,05,000

Q.4 Attempt any 2 questions (15)

- a) A company currently has an annual turnover of Rs 50 lakhs and an average collection period of 30 days. The company wants to experiment with a more liberal credit policy on the ground that increase in collection period will generate additional sales. (7.5)
From the following information, kindly indicate which policy the company should adopt:

Credit Policy	Average Collection Period	Annual Sales (Rs in Lakhs)
A	45 days	56
B	60 days	60
C	75 days	62
D	90 days	63

Costs: Variable Cost : 80% of sales
Fixed Cost Rs 6 lakhs per annum
Required (Pre-tax) return on investment : 20%
A year may be taken to comprise of 360 days.

- b) The management of Rani Ltd. has called for a statement showing the working capital needed to finance a level of activity of 30,000 units of output for the year. The cost structure is: (7.5)

Particulars	Cost per Unit (Rs.)
Raw Material	20
Direct Labour	5
Overheads	15
Total Cost	40
Profit	10
Selling Price	50

Past trends indicate that raw materials are held in stock on an average for 2 months.
WIP will approximate 1/2 month's production.
Finished goods remain in warehouse on an average for a month.
Suppliers of materials extend a month's credit.
2 months credit is normally allowed to debtors.
A minimum cash balance of Rs. 5,000 is expected to be maintained.

- c) Write a short note on Collection Policy. (7.5)

Q.5 From the following Balance Sheet of MDE Ltd. As on 31st Mar, 2015 & 2016. You are required to prepare a Comparative Balance Sheet in Vertical form and give your comment on them. (15)

Liabilities	2015	2016	Assets	2015	2016
Preference Shares	1,00,000	4,00,000	Building	9,00,000	10,00,000
Equity Share	5,00,000	5,00,000	Plant & Machinery	1,00,000	1,20,000
Capital Reserve	1,35,000	1,71,000	Stock	1,50,000	1,80,000
12% Loan	4,00,000	3,00,000	Debtors	2,36,000	2,44,000
Bank Overdraft	50,000	80,000	Cash	1,24,000	3,02,000
Creditors	1,50,000	1,25,000			