

Instructions :

1. All questions are compulsory.
2. Use of a simple calculator is allowed.
3. Working note should form part of your answer.
4. Figure to the right indicate full marks.

Q.1 Profit and Loss Account for the year ended 31.03.2004

[15]

Particulars	Amount Rs.	Particulars	Rs.
To Opening stock	76,250	By Sales	6,02,350
To Purchase	3,15,250	Less : Returns	10,000
To Freight and Carriage	7,000	By closing stock	98,500
To Staff Salaries	20,000	By Interest on bonds	1,500
To Sales Salaries	15,300	By Dividend on Shares	3,750
To Interest on Debentures	1,200	By Profit on	3,900
To Rent	2,700	Sale of shares	
To Printing and Stationary	2,500		
To Advertising	4,700		
To Sales Discount	2,400		
To Depreciation	9,300		
To Insurance	1,000		
To Electricity	350		
To Salesmen's			
Travelling Expenses	2,000		
To Bad Debts	3,400		
To Telephone Expenses	750		
To Legal charges	6,400		
To Directors Fees	48,000		
To Loss on sale Bonds	3,500		
To Provision for claim			
for Damages	1,650		
To Net Profit	1,76,350		
	7,00,000		7,00,000

Present the above in vertical form suitable for analysis.

Q.1 Calculate Trend Percent from the following information extracted for the financial statements of different types.

[15]

Particulars	2003 Rs.	2004 Rs.	2005 Rs.	2006 Rs.
Assets				
Fixed Assets	2,11,696	2,08,694	2,04,580	1,84,122
Investments	20,000	15,000	10,000	9,000
Cash in Hand	41,680	30,472	20,346	18,312
Sundry Debtors	1,85,040	1,31,346	85,750	77,175
Stock	1,31,474	1,34,684	1,45,172	1,30,655
Prepaid Expenses	1,690	3,236	2,440	2,196
	5,91,580	5,23,432	4,68,288	4,21,460
Liabilities				
Sundry Creditors	1,40,712	1,32,684	1,17,410	1,05,669
Liability for Expenses	5,640	4,094	2,490	2,240
Share Capital	4,45,228	3,86,654	3,48,388	3,13,551
	5,91,580	5,23,432	4,68,288	4,21,460

Give your appropriate comment on each statement.

[10]

b) Write a short note on "Accounting concept".

[5]

Q.2 X Ltd. presents you the following Balance sheet as at 31st March, 2005.

Liabilities	Rs.	Assets	Rs.
2,500 Equity shares	25,000	Fixed Assets	43,750
8% Preference share capital	5,000	Investments	12,500
Reserve Fund	20,000	Stock	15,000
6% Debentures	10,000	Sundry Debtors	6,750
Sundry creditors	15,000	Bank Balance	3,500
Provision for tax	2,500	Preliminary Expenses	4,000
Profit and Loss Account (after tax)			
Previous year	500		
Current year	7500		
	85,500		85,500

Additional Information :

Tax provided during the current year Rs. 2500 calculate the following ratios : (a) Return on capital Employed (b) Current Ratio (c) Earnings per share (d) Return on proprietor's funds (e) Proprietary ratio.

OR

Q.2 a) Extracts from financial Accounts of XYZ Co. Ltd. are given below :

	Year - I		Year - II	
	Assets Rs.	Liabilities Rs.	Assets Rs.	Liabilities Rs.
Stock	10,000	-	20,000	-
Debtors	30,000	-	30,000	-
Payment in Advance	2,000	-	-	-
Cash in hand	20,000	-	15,000	-
Sundry Creditors	-	25,000	-	30,000
Acceptances	-	15,000	-	12,000
Bank Overdraft	-	-	-	5,000
Total Rs.	62,000	40,000	65,000	47,000

Sales amounted to Rs. 3,50,000 in the first year and Rs. 3,00,000 in the second year. You are required to comment on the solvency position of the concern with the help of accounting ratios i.e. Current ratio. Quick ratio Debtor Collection period and Stock to working capital ratio.

[10]

b) Write a short note on 'Solvency Ratio'.

[5]

Q.3 You are required to prepare cash flow statement as per Indirect Method AS - 3 for the year ended 31.02.2003 from following Balance sheets as on 31st December and additional information of ATKT Ltd.

Liabilities	2002 Rs.	2003 Rs.	Assets	2002 Rs.	2003 Rs.
Share Capital	5,00,000	7,50,000	Building	1,00,000	2,90,000
Share Primium	50,000	75,000	Machinery	90,000	2,70,000
Profit & loss A/c	-	13,000	10% Investment	1,00,000	1,00,000
12% Debentures	1,00,000	1,00,000	Stock	3,70,000	2,94,000
Creditors	80,000	50,000	Debtors	58,000	49,000
Bank Overdraft	-	10,000	Advance Tax	5,000	60,000
Tax Provision	6,000	68,000	Cash	5,000	6,000
Bad Debts Provision	4,000	6,000	Bank Balance A/c	6,000	-
O/s Debenture	-	-	Profit & Loss A/c	7,000	-
Interest	6,000	3,000	Share Issue Expense	5,000	6,000
Total	7,46,000	10,75,000	Total	7,46,000	10,75,000

Additional Information :

- Share issue expenses incurred in the year Rs. 2500/-
- Depreciation provided on Buildings Rs. 10,000 and Machinery Rs. 20,000/-

[15]

OR

Q.3 a) Balance sheets of company as on 1st January and 31st December 2005 were as follows :

Liabilities	2004	2005	Assets	2004	2005
Capital	1,50,000	1,90,000	Cash	20,000	26,000
Loan	30,000	-	Debtors	54,000	76,000
Loan from Bank	60,000	80,000	Stock	48,000	42,000
Creditors	50,000	56,000	Furniture	2,000	2,000
			Machinery	90,000	65,000
			Land	36,000	45,000
			Buidlings	40,000	70,000
	2,90,000	3,26,000		2,90,000	3,26,000

During the year, a machine costing Rs. 12,000 (accumulated depreciation Rs. 4,000) was sold for Rs. 5000. The provision for depreciation against machinery as on 1st January was Rs. 24,000 and on 31st Dec. , Rs. 37,000/- Net profit for the year 2005 amounted to Rs. 60,000/-

You are required to prepare cash flow statement. (Use Indirect Method). [10]

b) What are the sources of cash (cash in flow) ? [5]

.4 The management of Gemini Enterprises has called for a statement showing the working capital required to finance a level of activity of 1,80,000 units of output for the year. The cost structures for the company's product for the above -mentioned level of activity is detailed below :

	Cost per Unit
	Rs.
Raw material	20
Direct Labour	5
Overheads	15
Total cost	40
Profit	10
Selling Price	50

Additional information :-

1. Minimum cash balance desired Rs. 20,000
2. Raw materials are held, in stock on an average for two months.
3. Work in progress will approximate to half a month's production.
4. Finished goods remain in warehouse, on an average for one month.
5. Suppliers of raw materials extend one months credit and debtors are given two months credit cash sales are 25% of total sales.

6. There is a time lag in payment of wages of one month and of half a month in the case of overheads.

Prepare on Estimate of working capital requirements.

[15]

OR

Q.4 a) A company produces and sells 1,000 units of a product per month at the rate of Rs. 20. If the variable cost is Rs. 12 per unit and fixed costs are Rs. 3000 per month.

1. Break Event Point in units

2. If selling price is reduced by 20%. Calculate new Break even point in units.

3. Calculate number of units to be sold at the reduced selling price to earn a profit of Rs. 4,000.

[10]

b) Write a short note on "Angle of Incidence".

[5]

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	Rs.	Particulars	Rs.
To Balance b/d	7,000	By opening stock	98,500
To Sales	20,000	By Interest on Bonds	1,500
To Sales Salaries	15,000	By Dividend on Shares	3,750
To Freight and Stationery	2,500		
To Advertising	4,700		
To Sales Discount	2,500		
To Depreciation	9,300		
To Insurance	1,000		
To Commission	1,000		
To Travelling Expenses	2,500		
To Bad Debts	3,400		
To Telephone Expenses	750		
To Legal charges	6,400		
To Directors Fees	10,000		
To Loss on sale Bonds	2,500		
To Provision for claim for Damages	1,650		
To Net Profit	1,76,150		
	7,00,000		7,00,000

Present the above in vertical form suitable for analysis.