SYBCOM/SEM III/FAA - III/23.10.2019

Time: 3 hrs. **Marks:100**

Note:
1. All questions are compulsory with internal options.
2. Figures to the right indicate full marks.
3. Working should form part of your answer.
4. Simple calculator is allowed.

Q.1 (A) State whether the following statements are TRUE or FALSE. (Answer any 10 out of 12) **(10)**

i) Depreciation is a non-cash expenditure.
ii) Net profit ratio is a measure of profitability.
iii) Higher gross profit ratio shows higher trading efficiency of an organization.
iv) Net present value method considers time value of money.
v) There is a time element involved in capital budgeting.
vi) Capital budgeting decisions are long term decision
vii) Own fund is external fund.
viii) Average stock is the total of opening and closing stock.
ix) Net working capital means total current assets.
x) A higher debt equity ratio indicates a safer financial position of the company.
xi) Outsiders contribution is not included in proprietors fund.
xii) Owners fund & borrowed fund are two constituents of total funds of a company.

(B) Fill in the blanks (Answer any 10 out of 12) **(10)**

i) Goodwill is an ___________ asset.
ii) ___________ is an item of current liability.
iii) The capital required to finance day to day activities of the business is known as ___________
iv) Assets which can be converted into cash within one year are ___________.
v) Payback method is a modern technique of ___________.
vi) Current assets are Rs 1,80,000 , Current liabilities are Rs 90,000. The amount of working capital is ___________.
vii) Capital budgeting decisions involve decision relating to ___________.
viii) Capital budgeting decisions are ___________ decision.
ix) In the vertical balance sheet,bank overdraft is considered as ___________.
x) Satisfactory level of current ratio is ___________.
xi) ___________ shows financial position of a firm.
xii) Operating ratio is an indicator of ___________.

Q.2 (A) Following balances are extracted from the books of Sachin Ltd :- **(20)**

BALANCE SHEET

Particulars	**2016**	**2017**	**2018**
Liabilities :- (Rs.)			
Equity share capital	2,00,000	2,00,000	2,00,000
8% Preference share capital	1,00,000	1,50,000	1,00,000
General reserve	20,000	22,000	42,000
Debentures	75,000	1,00,000	90,000
Bills Payable	5,000	7,000	10,000
Creditors	15,000	10,000	24,000
	4,15,000	4,89,000	4,66,000
Assets :- (Rs.)			
Fixed assets	1,50,000	2,00,000	2,00,000
Investments	1,00,000	1,50,000	1,00,000
Cash	50,000	25,000	40,000
Debtors	70,000	60,000	63,000
Stock	40,000	50,000	60,000
Preliminary Expenses	5,000	4,000	3,000
	4,15,000	4,89,000	4,66,000

Prepare trend percentage statement in vertical format.

OR

Q.2 (P) From the following income statement of M/S Bahubali Limited as on 31/3/2019, prepare a common size income statement in vertical format. **(10)**

PROFIT AND LOSS ACCOUNT

Particulars (DR)	Amount (Rs.)	Particulars (CR)	Amount (Rs.)
To Cost of sales	4,91,400	By net sales	8,10,000
To administrative expenses	81,000	By non operating income	8,100
To selling and distributive expense	1,62,000		
To non operating expenses	10,800		
To tax provisions	36,450		
To interim dividend paid	7,000		
To retained earnings	29,450		
	8,18,100		8,18,100

Q.2 (Q) From the following information of Baburao Limited, prepare a comparative statement after rearranging in a vertical format suitable for analysis. **(10)**

BALANCE SHEET

Liabilities	2017	2018	Assets	2017	2018
Share capital	50,000	80,000	Fixed assets	60,000	75,000
Reserves & surplus	15,000	20,000	Investments	10,000	20,000
8% Debentures	30,000	24,000	Current assets	50,000	40,000
Current Liabilities	30,000	15,000	Miscellaneous expenditure	5,000	4,000
	1,25,000	1,39,000		1,25,000	1,39,000

Q.3 (A) Following is the revenue statement of Falguni Enterprises :- **(20)**
Trading Profit & Loss account for the year ended 31/3/2019

Particulars (DR)	Amount (Rs.)	Particulars (CR)	Amount (Rs.)
To opening stock	27,150	By sales	2,55,000
To purchases	1,63,575	By closing stock	42,000
To carriage inward	4,275	By interest received	2,700
To office expenses	45,000		
To sales expenses	13,500		
To loss on sale of fixed assets	1,200		
To NET PROFIT c/d	45,000		
	2,99,700		2,99,700

Calculate the following ratios :-

a) Gross profit ratio
b) Stock turnover ratio
c) Operating ratio
d) Office expenses ratio
e) Sales expenses ratio
f) Net profit before tax ratio

NOTE :- Vertical revenue statement need not be prepared.

OR

Q.3 (P) You are requested to prepare a statement showing the requirement of working capital of Dhoni Limited. **(20)**
Forecast level of activity is 52000 units for the year 2018-2019 (52 weeks)
COST STRUCTURE :-

PARTICULARS	COST PER UNIT (Rs.)
Raw material	400
Direct labour	150
Manufacturing overheads	200
Selling and distribution overheads	100
	850

Additional information :-
1)Selling price Rs. 1000 per unit
2)Raw materials in stock = Average 4 weeks
3)Credit allowed by suppliers = Average 4 weeks
4)Expected cash balance = Rs. 50,000
5)Work in progress = Average 4 weeks
6)Credit allowed to customer = 8 weeks
7)Finished goods in stock = Average 4 weeks
8)All sales are on credit basis
9)Debtors are to be valued at selling price
10)All activities are evenly spread during the year.

Q.4 (A) Following is the balance sheet of Salim Limited as on 31/3/2019 **(20)**

BALANCE SHEET

LIABILITIES	AMOUNT	ASSETS	AMOUNT
Equity share capital	4,50,000	Building and Equipment	4,50,000
Retained earnings	2,31,000	Land	80,000
Provision for income tax	84,000	Patents	55,000
Debentures	2,20,000	Account receivable	54,000
Accounts payable	58,000	Inventories	3,00,000
Other current liabilities	21,000	Prepaid expenses	6,000
		Cash	1,19,000
	10,64,000		10,64,000

Calculate the following ratios :-
1) Current ratio
2) Quick ratio
3) Stock working capital
4) Proprietors ratio
5) Debt equity ratio
6) Capital gearing ratio

NOTE: - VERTICAL BALANCE SHEET NEED NOT BE PREPARED.

OR

Q.4 (P) YO YO Limited has an investment proposal of Rs. 40,00,000. The expected cash inflows for ten years are as under :- **(20)**

Year	Cash inflow	Present value of Rs. 1 at discount factor of 10%
1	7,00,000	0.909
2	7,00,000	0.826
3	8,00,000	0.751
4	8,00,000	0.683
5	9,00,000	0.621
6	9,00,000	0.564
7	10,00,000	0.513
8	10,00,000	0.467
9	8,00,000	0.424
10	6,00,000	0.386

Calculate :-
1) Payback period
2) Net present value at 10% discount factor

3) Profitability index at 10% discount factor

Q.5 **(A)** Distinguish between own fund and owed fund. **(10)**

(B) Distinguish between financial accounting and management accounting. **(10)**

OR

Q.5 **(P)** **Write short notes on any 4 out of the following 6.** **(20)**

1) Common size statement
2) Revenue statement ratio
3) Working capital
4) Payback period
5) Net present value
6) Profitability index

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