

Q 3. A) Following is the Trading and Profit & Loss Account for the year ended 31st March, 2018 and Balance Sheet as at that date of M/s Arsene & Co. [15]

Profit and Loss Account for the year ended 31st March, 2018

Particulars	Rs.	Particulars	Rs.
To Cost of Goods Sold	56,00,000	By Cash Sales	25,00,000
To Gross Profit	24,00,000	By Credit Sales	55,00,000
	80,00,000		80,00,000
To Administrative Expenses	7,60,000	By Gross Profit	24,00,000
To Selling and Distribution Expenses	4,40,000		
To Interest	1,80,000		
To Provision For Tax	4,00,000		
To Net Profit c/d	6,20,000		
	24,00,000		24,00,000
To Transfer to Reserves	1,00,000	By Net Profit B/d	6,20,000
To Provision for Dividend	2,00,000		
To Balance c/d	3,20,000		
	6,20,000		6,20,000

Balance Sheet as at 31st March, 2018

Equity & Liabilities	Rs.	Assets	Rs.
Equity Share Capital (Rs. 10 each)	18,00,000	Fixed Assets	46,00,000
8% Preference Share Capital	9,00,000	Less: Provision for Depreciation	(5,00,000)
Reserve & Surplus	1,50,000	Net Block	41,00,000
Profit & Loss A/c	3,20,000	Long Term Investments	5,00,000
10% Secured Loan	10,00,000	Accounts Receivable (P.Y. Rs. 6,00,000)	7,00,000
12% Public Deposits	5,00,000	Inventories (P.Y. Rs. 9,00,000)	10,00,000
Accounts Payable (P.Y. Rs. 6,00,000)	7,00,000	Cash and Bank Balance	1,50,000
Outstanding Expenses	80,000	Prepaid Expenses	20,000
Bank Overdraft	5,50,000	Advance Income Tax	60,000
Provision for Tax	4,00,000	Preliminary Expenses	70,000
Provision for Dividend	2,00,000		
	66,00,000		66,00,000

From the above information you are required to calculate and critically evaluate the following ratios.

- | | |
|-------------------------------|-----------------------------|
| a) Current Ratio | b) Net Profit Ratio |
| c) Return on Capital Employed | d) Debt Service Ratio |
| e) Stock Turnover Ratio | f) Creditors Turnover Ratio |
| g) Debtors Turnover Ratio | |

Note: Conversion to Vertical Statement is not expected.

OR

Q.3 B) Following are the Income Statements of Freddie Ltd. for the year ended 31st March, 2017 & 2018. [8]

Particulars	2017 Rs.	2018 Rs.
Sales	5,00,000	6,00,000
Cost of Goods Sold	3,00,000	3,60,000
Gross Profit	2,00,000	2,40,000
Operating Expenses	1,20,000	1,60,000
Operating Profit	80,000	80,000
Non-operating Income	20,000	40,000
Non-Operating Expenses	Nil	10,000
Net Profit Before Tax	1,00,000	1,20,000
Provision for Tax	30%	30%

Prepare a Comparative Income Statement of Freddie Ltd. in vertical form and analyse the changes in Sales, Gross Profit and Net Profit.

Q.3 C) From the following information of Lauren Ltd, prepare Common Size Balance Sheet in Vertical Form as on 31st March, 2018 [7]

Particulars	Rs.
Fixed Assets	5,00,000
Current Assets	3,00,000
Investments	1,00,000
Share Capital	4,00,000
Reserves & Surplus	1,00,000
Loan Funds	2,00,000
Current Liabilities	2,00,000

Q. 4 A) The following is the Balance Sheet of Dennis Ltd. as on 31.12.2017: [15]

Liabilities	Rs.	Assets	Rs.
Share Capital:		Land & Building	84,000
15,000 Shares of Rs. 10 each	1,50,000	Machinery (At W.D.V.)	96,000
General Reserve	30,000	Patents	15,000
Reserve for Taxation	45,000	Inventory	36,000
Workmen's Savings Account	22,500	Trade Receivables	66,000
Profit & Loss Account	24,000	Cash at Bank	39,000
Sundry Creditors	73,500	Preliminary Expenses	9,000
	3,45,000		3,45,000

Additional Information:

- The value of Machinery is at Rs. 90,000
- Land & Building have been valued at Rs. 1,80,000
- Out of Trade Receivables, Rs. 6,000 was considered as bad.
- The profits of the company have been as follows:

Year	Rs.
2015	60,000
2016	67,500
2017	79,500

- The company transfers 25% of its profits to reserves, ignoring taxation.
- Goodwill of the company is estimated at Rs. 1,20,000.

Find out the value of the shares on the yield basis and also on the net assets basis. Similar, companies offer a return of 10% on the market value of their shares.

OR

- Q. 4 B) Explain the essential characteristics of Investments. (08)
Q. 4 C) Explain the models for Real Estate Assets Valuation. (07)
- Q. 5 A) Explain the importance of Financial Statements to various stakeholders. (08)
B) Explain the concept of Growth Analysis. (07)

OR

- Q. 5 Write Short notes on (Any Three): (15)
1. Advantages of investing in real estate.
 2. The need for valuation
 3. Valuation Bias
 4. Cash Flow from Investing Activities
 5. Analysis of Profitability
