

Time: 3 hours

- N.B:** (1) All questions are compulsory with internal options.
 (2) Figures to the right indicate full marks.
 (3) Working notes form a part of the answer and have to be solved immediately after the question and not on the last page of the answer sheet.

- Q.1. (A) Select the correct answer from the options given below: (Any Ten) (10)**
- (1) _____ is NOT a function of financial management.
- Investment decisions
 - Financing decisions
 - Dividend decisions
 - Marketing decisions
- (2) The investment decision in financial management is also known as _____
- Capital budgeting decision
 - Working capital decision
 - Dividend decision
 - Financing decision
- (3) Profit maximization as an objective of financial management is criticized because _____
- It ignores risk and timing of returns
 - It considers shareholders' wealth
 - It ensures long-term sustainability
 - It measures market value of the firm
- (4) Dividend decision in financial management relates to _____
- Deciding the pricing of goods and services
 - Raising funds from banks
 - How much profit should be retained and how much distributed
 - Estimating cash requirements
- (5) _____ ratio measures a firm's ability to meet short-term obligations.
- Debt-Equity Ratio
 - Current Ratio
 - Gross Profit Ratio
 - Return on Equity
- (6) _____ Ratios measures the return to shareholders.
- Return on Equity (ROE)
 - Current Ratio
 - Quick Ratio
 - Gross Profit Ratio
- (7) Inventory Turnover Ratio is calculated as _____
- $\text{Sales} \div \text{Average Inventory}$
 - $\text{Cost of Goods Sold} \div \text{Average Inventory}$
 - $\text{Average Inventory} \div \text{Sales}$
 - $\text{Gross Profit} \div \text{Sales}$

(8) Depreciation is added back to net profit in cash flow from operating activities because

- a) It is a cash expense
- b) It reduces profit but not cash
- c) It increases cash balance
- d) It is an investing activity

(9) Dividend received is classified as _____

- a) Operating activity
- b) Investing activity
- c) Financing activity
- d) None of the above

(10) A cash flow statement shows _____

- a) Profitability of the firm
- b) Changes in financial position in terms of cash
- c) Details of assets and liabilities
- d) Budgetary performance

(11) Trend analysis helps to _____

- a) Compare firms of different sizes in the same year
- b) Study long-term growth patterns over several years
- c) Show detailed cost structures
- d) Record transactions chronologically

(12) Comparative balance sheet analysis is helpful in _____

- a) Studying growth or decline of assets and liabilities
- b) Showing profitability in a single year
- c) Calculating only ratios
- d) Preparing budgets

(B) Match the following: (any 10)

	A		B
1	Working capital	A	Sale of machinery
2	Proprietary ratio	B	Depreciation
3	Debt Equity ratio	C	Dividend paid
4	Common Size Statement	D	Current Assets Less Current liabilities
5	Non quick Asset	E	Shareholder's funds / Total Assets
6	Acid test ratio	F	Expresses each item as a percentage of a base figure
7	Land and Building	G	Relationship between owned and loan funds
8	Goodwill	H	Closing stock
9	Cash Flow Statement	I	Shows cash inflows and outflows
10	Non-cash Item	J	Bank overdraft
11	Outflow under Financing	K	2 : 1
12	Investing Activities	L	1 : 1
		M	Tangible asset
		N	Intangible asset

(10)

Q.2. (A) Given below is the balance sheet of Sandeep Ltd., as on 31st march, 2023. Convert it into vertical form. (15)

Balance sheet as on 31st march,2023

Liabilities	Rs.	Assets	Rs.
Equity shares	7,00,000	Land and building	5,00,000
10% Preference share capital	1,00,000	Vehicles	3,00,000
Bank loan	5,00,000	Goodwill	2,00,000
Reserves and surplus	5,00,000	Furniture	3,00,000
Bank overdraft	1,00,000	Long term Investment	2,90,000
Creditors	1,00,000	Stock	70,000
Proposed dividend	50,000	Sundry Debtors	1,00,000
Provision for tax	50,000	Cash	80,000
		Bills receivable	60,000
		Preliminary Expenses	2,00,000
Total	21,00,000	Total	21,00,000

OR

Q.2. (A) From the following information of Vanita Limited., you are required to prepare: (i) Vertical Income Statement for the year ended 31st March 2023. (15)

Vanita Limited.			
Trading Profit And Loss Account for the year ended 31st March 2023			
Particulars	Rs.	Particulars	Rs.
To Opening Stock	40,000	By Sales	5,00,000
To Purchases	2,08,000	By Closing Stock	30,000
To Wages	78,000		
To Power And Fuel	30,000		
To Gross Profit c/d	1,74,000		
Total	5,30,000	Total	5,30,000
To Office Expenses	8,000	By Gross Profit b/d	1,74,000
To Office Salaries	60,000	By Dividend Received	80,000
To Debenture Interest	2,500		
To Plant Depreciation	6,000		
To Advertisement	12,000		
To Distribution Expenses	18,000		
To Bank Charges	1,500		
To Loss by Fire	1,000		
To Provision for Tax	58,000		
To Net Profit c/d	87,000		
Total	254000	Total	2,54,000
To Interim Dividend	80,000	By Balance b/d	1,28,000
To Balance c/d	1,35,000	By Net Profit	87,000
Total	2,15,000	Total	2,15,000

Q.3. (A) Prepare Common size Balance sheet of Govinda Ltd., as on 31st march 2024.

(15)

Liabilities	Rs.	Assets	Rs.
Equity share capital	3,00,000	Goodwill	2,00,000
Preference share capital	2,00,000	Plant and machinery	1,40,000
General reserve	30,000	Land and Building	1,00,000
Profit and loss A/c Bal.	70,000	Furniture	20,000
Provision for tax	21,000	Stock	1,20,000
Outstanding wages	39,000	Bills receivable	16,000
Sundry Creditors	80,000	Debtors	44,000
Bank overdraft	40,000	Bank	40,000
		Long term Investments	1,00,000
Total	7,80,000	Total	7,80,000

OR

Q.3 (A) From the following balance sheet Anuj Ltd., you are required to prepare comparative Balance Sheet and offer your comments.

(15)

Liabilities	2022	2023	Assets	2022	2023
Equity share capital	12,00,000	12,00,000	Patent	4,60,000	3,60,000
10% Pref. share capital	6,00,000	4,00,000	Land and Building	8,00,000	6,80,000
Reserves and Surplus	1,60,000	2,80,000	Plant and machinery	3,20,000	4,00,000
Profit and Loss A/c	1,20,000	1,92,000	Debtors	6,40,000	8,00,000
Outstanding expenses	1,68,000	2,00,000	Stock	3,08,000	4,36,000
Creditors	2,20,000	3,32,000	Bills receivable	80,000	1,20,000
Bills Payable	80,000	64,000	Cash	60,000	40,000
Provision for tax	1,60,000	2,00,000	Bank	40,000	32,000
Total	27,08,000	28,68,000	Total	27,08,000	28,68,000

Q.4. (A) From the information of ShreeRam Trading Limited, calculate the following ratios: (i) Quick Ratio, (ii) Proprietary Ratio, (iii) Return on Capital Employed, (iv) Capital Gearing Ratio, (v) Debtors Turnover Ratio, (vi) Creditors Turnover Ratio

(15)

ShreeRam Trading Limited.			
Balance Sheet as at 31st March 2023			
Liabilities	Rs.	Assets	Rs.
Equity Share Capital	4,00,000	Land & Buildings	2,00,000
6% Preference Share Capital	1,00,000	Plant & Machinery	3,50,000
Reserves	30,000	Trade Investments	85,000
Profit And Loss A/c	25,000	Debtors	1,10,000
8% Debentures	2,50,000	Bills Receivable	95,000
Creditors	40,000	Closing Stock	50,000
Bank Overdraft	70,000	Cash In Hand	60,000
Provision for Tax	50,000	Advance Tax	39,000
Bills Payable	35,000	Prepaid Expenses	5,000
		Preliminary Expenses	6,000
Total	10,00,000	Total	10,00,000

Additional Information:

(1) The balances as on 31/3/22 were as under:

(i) Debtors – Rs. 80,000, (ii) Bills Receivable – Rs. 65,000, (iii) Creditors – Rs. 30,000, (iv) Bills Payable – Rs. 25,000, (v) Closing Stock – Rs. 70,000.

(2) Total Sales for the year ended 31/3/23 is Rs. 24,00,000, out of which cash sales comprises 20% of total sales.

(3) Gross Profit Ratio is 25% on sales.

(4) Net Profit for the year ended 31/3/23 is Rs. 2,10,000.

OR

Q.4. (A) The following is balance sheet of Sony Ltd. Convert it in vertical form for suitable analysis and Compute the following ratios. (15)

- (a) Acid test ratio (b) Proprietary ratio
(c) Current ratio (d) Capital Gearing ratio
(e) Stock working capital ratio

Balances as on 31st December, 2023

Particulars	Rs.	Particulars	Rs.
Cash at bank	12,500	Land and building	2,00,000
Prepaid expenses	15,500	Stock	68,250
Creditors	1,01,500	Debtors	1,30,750
Bills receivable	5,250	Plant and machinery	1,36,000
12% Debentures	62,500	Loan from directors	1,00,000
Equity share capital	2,50,000		
Profit and loss A/c(Cr.)	54,250		

Q.5. (A) The following summary Balance sheets of M/S Avantika Ltd., for the year ended 31st march, 2022 and 2023 Prepare a cash flow statement as per As-3 by indirect method (15)

Liabilities	2022	2023	Assets	2022	2023
Equity share capital	1,20,000	1,20,000	Land	2,10,000	2,70,000
5% Preference share capital	90,000	60,000	Building	2,85,000	2,70,000
General reserve	30,000	42,330	Stock	27,000	36,300
Profit and loss account	15,240	28,080	Debtors	40,440	38,460
Provision for tax	17,000	8,000	Prepaid expenses	25,880	17,000
Creditors	3,37,920	3,81,910	Bank Bal.	15,480	3,240
			Misc. expenses	6,000	5,400
	6,10,160	6,40,400		5,93,000	6,45,000

Additional information:

- (i) The company paid an interim dividend of 5% on equity shares.
(ii) Preference shares were redeemed during the year at 10% premium.
(iii) Income tax paid during the year Rs. 15,000
Prepare cash flow statement for the year ended 31st march, 2023

OR

- Q.5. (A) From the following information furnished by Ramesh Limited., you are required to prepare a Cashflow Statement for the year ended 31st March 2024, as per AS-3, applying the Indirect Method: (15)

Ramesh Limited.		
Balance Sheet as at	31.03.23	31.03.24
<u>Liabilities</u>	Rs.	Rs.
Equity Share Capital	4,05,000	4,05,000
Profit And Loss A/c	1,62,000	2,10,700
Bank Term Loan	3,38,900	2,67,100
Creditors	2,15,000	1,31,800
Provision for Tax	32,400	37,800
Total	11,53,300	10,52,400
<u>Assets</u>		
Goodwill	41,900	14,900
Land & Buildings	97,200	1,35,000
Plant & Machinery	3,40,200	2,55,200
Delivery Van	-	1,21,500
Investments	1,21,500	1,48,500
Debtors	2,83,500	3,42,400
Bank Balance	2,69,000	34,900
Total	11,53,300	10,52,400

Additional Information:

- (1) During the year ended 31/3/23, Investments costing Rs. 30,000 were sold for Rs. 40,000.
- (2) Depreciation provided on Land & Buildings is Rs. 25,000.
- (3) Delivery Van was purchased on 31/3/24. Hence no depreciation was charged.
- (4) Income-tax paid for the year ended 31/3/23 was Rs. 36,000.
- (5) There was no purchase or sale of Plant & Machinery during the year.

- Q.6 (A) Explain uses of ratio analysis. (10)
 (B) What do you mean by inter statement ratios? Explain any two inter statement ratios. (10)

OR

- Q.6. (A) Write short notes on : (any four) (20)
- (1) Sources of finance
 - (2) Objectives of studying of financial management
 - (3) Cash flow from Investing activity
 - (4) Comparative statement and its advantages
 - (5) Types of ratio analysis
 - (6) Uses and Limitations of cash flow analysis