

12.a) What are ' Turnover Ratio'? Explain their importance.

(OR)

b) From the following compute the value of stock:

Sales ----- Rs 10, 00,000

Gross profit ----- 25%

Stock turnover ratio-----10

Closing stock is more than opening stock by Rs 25,000

13.a) Babu & co ., presents the following financial statement for 2020 and 2021. Prepare a sources and application of funds statement.

Liabilities	2020 (Rs)	2021(Rs)	Assets	2020(Rs)	2021(Rs)
Bill payable	4,52,000	6,28,000	Cash	1,06,000	62,000
Creditors	8,26,000	12,54,000	Investment	1,74,000	-
Loan from bank	2,00,000	4,70,000	Debtors	6,92,000	10,56,000
Reserves & surplus	13,84,000	17,28,000	Stock	8,64,000	13,66,000
Share capital	12,00,000	12,00,000	Net fixed assets	22,26,000	27,96,000
	40,62,000	52,80,000		40,62,000	52,80,000

(OR)

b) From the following financial statement of Aravind Ltd. Prepare cash flow statement. .

Liabilities	2021 (Rs)	2022(Rs)	Assets	2021(Rs)	2022(Rs)
Profit & loss A/c	20,000	46,000	Cash	60,000	94,000
Creditors	1,40,000	90,000	Debtors	2,40,000	2,30,000
Share capital	4,00,000	5,00,000	Stock	1,60,000	1,80,000
			Land	1,00,000	1,32,000
	5,60,000	6,36,000		5,60,000	6,36,000

14.a) Kunal products produces and sells a product for which total capacity of 2,000 units exists. The following expenses are for the productions of 1,000 units of the products which is sold at Rs 130 per unit.

Particulars	Per unit (Rs)
Direct material	20
Direct wages	30
Administration overheads (constant)	20
Selling expenses(50% fixed)	10
Distribution expenses(25% fixed)	20
	100

You are required to prepare a flexible budget for the production and sale of 1,200 units ,1,600 units and 2,000 units. Show the marginal (variable cost) and total cost at each level

(OR)

b) The company at present operating at 50% capacity produce and sells 10,000 units. The units cost is Rs 180 and selling price is Rs 200. The expenses per unit are given below:

Particular	Rs
Direct material	100
Direct labour	30
Factory expenses(60% variable)	30
Administration expenses(40% fixed)	20
Prepare a budget at 80% capacity	

- 15 .a) The P/V ratio of a firm dealing in precision instruments is 50% and margin of safety is 40 %. You are required to work –out breakeven point and the net profit, if the sales volume is Rs 50, 00,000. If 25% of variable cost is labor cost, what will be the effect on BEP and profit when labour efficiency decrease by 5%..

(OR)

- b) From the following information relating to Palani Bros, Ltd., you are required to find out
 .(a) P/V Ratio (b) Breakeven point (c) Profit (d) Margin of safety
 (e) Volume of sales to earn profit of Rs 6,000

Total fixed cost	Rs 4,500
Total variable cost	Rs 7,500
Total sales	Rs 15,000

SECTION - C

(4 X 10 = 40 MARKS)

ANSWER ANY FOUR OUT OF SIX QUESTIONS**(16th QUESTION IS COMPULSORY AND ANSWER ANY THREE QUESTIONS****(FROM Qn. No : 17 to 21)****(K4 (Or) K5)**

16. The following ratios and other data relates to the financial statements of **J CO. LTD** for the year ending 31st Dec 1998:

Particular	Rs
Working capital ratio (current ratio)	1.75
Acid test ratio	1.27
Working capital	Rs 33,000
Fixed assets to shareholders equity	0.625
Inventory turnover (based on closing stock)	4 times
gross profit ratio	40%
Earnings per share	Re 0.50
Debt collection period	73 days
No. of share issued	20,000
Earning for the year on share capital	25%

The company has no prepaid expenses, deferred charges, intangible assets or long term liabilities. You are required to draft the company's balance sheet and profit and loss account.

17. Explain about the operating cycle of working capital.
- 18 . From the following information, you are required to prepare a balance sheet :
- (a) Current ratio -----1.75
 - (b) Liquid ratio-----1.25
 - (c) Stock turnover ratio (cost of sales / closing stock)-----9
 - (d) Gross profit ratio----- 25%
 - (e) Debt collection period-----1.5 months
 - (f) Reserves and surplus to capital ----- 0.2
 - (g) Fixed assets turnover (on cost of sales)-----1.2
 - (h) Capital gearing ratio (long –term debt to share capital) -----0.6
 - (i) Fixed assets to net worth -----1.25
 - (j) Sales for the year----- Rs 12,00,000

(CONTD4)

19. Prepare a fund flow statement from the following data:

Liabilities	31/12/96 (Rs)	31/12/97 (Rs)	Assets	31/12/96 (Rs)	31/12/97 (Rs)
Equity share capital	5,000	5,300	Cash	2,000	2,500
Long –term debt	1,400	1,300	Account receivable	2,400	2,700
Retained earnings	2,300	3,700	Inventories	3,100	3,200
Accumaltd depreciation	2,100	2,500	Other assets	800	700
Accounts payable	2,000	2,100	Fixed assets	5,000	5,800
	13,300	14,900		13,300	14,900

Additional information:

1. Fixed assets costing Rs 1,200 were purchased for cash.
2. Fixed assets (original cost Rs 400, accumulated depreciation Rs 150) were sold at book value.
3. Depreciation for the year 1997 amounted to Rs 550 and duly debited to P&L A/c.
4. Reported income for 1997 was Rs 1,200.

20. ABC Ltd wishes to arrange overdraft facilities with its banker for the period from APRIL TO JUNE 1992, prepare a cash budget and indicate the extent of the overdraft facility required at the end of each month:

MONTH	TOTAL SALES	PURCHASE	WAGES
FEB	1,80,000	1,24,000	12,000
MAR	1,92,000	1,44,000	14,000
APR	1,08,000	2,43,000	11,000
MAY	1,74,000	2,46,000	10,000
JUNE	1,26,000	2,68,000	15,000

25% of sales constitute cash sales. 50% of credit sales are realized in the month following the sales and the remaining 50% in the second month. Creditors are paid after one month cash at bank on 1.4.92 Rs 35,000

21. The following particulars are obtained from the records of a company manufacturing two products P & R

PARTICULARS	PRODUCT P (Rs PER UNIT)	PRODUCT R (Rs PER UNIT)
Selling price	200	400
Material cost (Rs 20 per kg)	40	100
Direct wages (Rs 6 per hour)	60	120
Variable overhead	20	40
Total fixed overhead is Rs 10,000		

Comment on profitability of each product when production capacity in hours is the limiting factor.
