

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH,
Vidyavihar, Mumbai- 400077

Program:PG-FS (Batch2016-18), Trim-I
Subject: Financial Accounting and Analysis
(End Term Examination)

Maximum Marks: 50
Duration: 3 Hours

Date: 19/9/2016

Instructions

- 1. Q1 is compulsory and carries 5 marks.**
- 2. Attempt any 3 from the remaining, each carrying 15 marks.**

QUESTION 1

- a) Enumerate the classification of activities, used in Cash Flow Statements, giving suitable examples. (2 marks)
- b) Explain what is meant by Appropriations from Profit, stating examples (2 marks)
- c) What is the significance of Capita Gearing Ratio? (1 mark)

QUESTION 2

From the following balances of R&P Ltd., for the year ended 31-03-2016, you are required to prepare the vertical form of Final Accounts, after considering other information provided:

Debit		Credit	
Carriage inward	22,000	Sales	39,50,000
Purchases	26,10,000	Share capital	14,65,000
Delivery van	3,70,000	Creditors	3,20,000
Opening stock	1,80,000	Unsecured Long Term Loans	3,60,000
Salary of office staff	72,000	Reserves	2,25,000
Salary of sales staff	60,000		
Commission	6,000		
Postage	7,000		
Other expenses	18,000		
Distribution expenses	19,000		
Office rent	11,000		
Debtors	6,30,000		
Cash at bank	23,000		

Furniture	2,50,000		
Cash in hand	39,000		
Interest on loan	45,000		
Non operating expenses	48,000		
Long term Investments	19,10,000		
	63,20,000		63,20,000

Other information:

1. Depreciate furniture by 10%
2. Stock on 31st March was valued at Rs 2,14,000
3. Provide tax at 20%
4. Proposed dividend to be provided at 20%

QUESTION 3

The summarized balance sheets of two companies are as follows:

Balance Sheet as on 31st March 2016

Liabilities	Top Ltd	Ten Ltd	Assets	Top Ltd	Ten Ltd
Equity share capital	1,20,000	3,50,000	Fixed assets	2,45,000	4,10,000
10% Preference share capital	1,00,000	50,000	Current assets	2,90,500	3,32,800
Reserves	1,40,000	56,000	Preliminary expenses	10,000	6,000
15% Debentures	50,000	50,000			
Current liabilities	135,500	2,42,800			
	5,45,500	7,48,800		5,45,500	7,48,800

Revenue Statements for the year ended 31st March 2016

	Top Ltd	Ten Ltd
Sales	10,00,000	12,00,000
Less: Cost of sales	6,00,000	8,00,000
	4,00,000	4,00,000
Less: Operating expenses	1,40,000	2,05,000
Less: Interest on debentures	7,500	7,500
Less: Taxes	1,00,000	70,000
Less: Dividend	70,000	75,000
Retained earnings	72,500	22,500

You are required to prepare the following:

- (a) Common size balance sheets (in vertical form)

(b) Common size income statement (in vertical form)

(c) Comments about the above

QUESTION 4-

From the following details of X Ltd., prepare a Comparative Balance Sheet and comment on it.

	2014-15 (Rs '000)	2015-16 (Rs '000)
Fixed Assets	1,80,000	2,20,000
Cash	90,000	20,000
Debtors	50,000	45,000
Stock	70,000	1,20,000
Long term Investments	55,000	75,000
TOTAL	4,45,000	4,,80,000
Share capital	1,60,000	1,60,000
Debentures	40,000	40,000
Reserves	55,000	75,000
Loan	60,000	30,000
Bills payable	40,000	50,000
Creditors	90,000	1,25,000
TOTAL	4,45,000	4,80,000

QUESTION 5.

Following is the Balance Sheet of Prashant Ltd:

Balance Sheet as on 31st March, 2016

Liabilities	Rs.	Assets	Rs.
Share capital		Fixed assets	61,00,000
Equity shares of Rs 10 each	40,00,000	Stock	16,00,000
1,000 12 % Preference shares of Rs 100 each	10,00,000	Debtors	12,00,000
Reserves and surplus	10,00,000	Bills receivable	2,50,000

12% Debentures	20,00,000	Cash in hand	3,50,000
Creditors	12,00,000		
Bank overdraft	3,00,000		
	95,00,000		95,00,000

Revenue Statement

Net sales		73,00,000
Cost of sales		62,05,000
Gross profit		10,95,000
Administrative expenses	1,82,500	
Selling and distribution expenses	3,65,000	
Operating profit		5,47,500
Tax		2,55,500
Profit after Tax		2,92,000

You are required to compute the following ratios of both companies:

- a. Current Ratio
- b. Stock Turnover Ratio
- c. Return on Investment
- d. Proprietary Ratio
- e. Debtors turnover ratio
- f. Debt equity ratio
- g. Earnings Per Share
- h. Net Profit ratio
- i. Liquid ratio

Also give your opinion on the financial performance of the company.

-----End of Paper-----