

SVKM's NMIMS
NMIMS – GLOBAL ACCESS SCHOOL FOR CONTINUING EDUCATION

Programme: CBM

Examination: June 2016
Subject: Financial Accounting
Date: 16.06.2016

Term End Examination
Marks : 70
Time: 11.00 a.m. to 2.00 p.m.

Instructions:

1. Answer to each new question to be started on a fresh page.
2. Figures in bracket indicate full marks.

Q.1) Attempt any 2 out of 4

(Marks: 2X5=10)

a) Determine the sales of the firm given the following data:

Current Ratio	-	1.5
Quick Ratio	-	1.2
Current Liabilities	-	Rs.800,000
Inventory Turnover Ratio	-	5 times.

b) Discuss in brief the treatment of following items in Cash Flow Statement as per AS-3.

- i. Taxes on Income
- ii. Foreign Currency cash flow

c) What are the main aspects of Accounting Standard 1 (AS 1)

d) What is the relationship between the cost principle and the going concern assumption?

Q.2) Write short notes on (2 out of 5)

(Marks: 2X5=10)

a) A firm's current assets and current liabilities are Rs.1,600 crs and Rs.1,000 crs respectively. How much can it borrow on a short term basis without reducing the current ratio below 1.25.

b) Determine the sales of the firm given the following data:

Current Ratio	-	1.4
Quick Ratio	-	1.2
Current Liabilities	-	Rs.1,600 Crs
Inventory Turnover Ratio	-	8 times.

c) Calculate the net cash flow from financing activities based on the below data:

1. Cash from issue of new equity shares – Rs.50,00,000
2. Cash from issue of 12% debentures – Rs.30,00,000
3. Interim dividend paid – Rs.10,00,000
4. Buy-back of existing shares – Rs.15,00,000
5. Repayment of long term loan – Rs.10,00,000

d) Briefly discuss the objectives of Generally Accepted Accounting Principles (GAAP)

e) From the following data of 'Dumb Ltd.', calculate the ROCE and P/E Ratio:

EBIT - Rs. 8,000; Equity Capital - Rs. 60,000; Reserves - Rs.12,000; 10% Debentures - Rs.10,000; MPS- Rs.125; PAT - Rs.7,000; Number of outstanding equity shares - 1200

Q.3) Attempt any 3 out of 5

(Marks: 3X10=30)

a) Prepare a Balance Sheet based on the following data:

Current Ratio	-	2.4
Liquidity Ratio	-	1.6
Inventory Turnover (on cost of sales)	-	8
Gross Profit Ratio	-	20%
Credit allowed	-	1.5 months
Net working capital	-	280,000

Fixed assets are equivalent to 90% of its net worth, while reserves are 40% of share capital

b) Prepare a Balance Sheet from the following particulars:

Stock Velocity (on cost of sales)	-	6
Gross Profit Margin	-	20%
Capital Turnover Ratio (on cost of sales)	-	2
Fixed Assets Turnover Ratio (on cost of sales)	-	4
Debt Collection Period	-	2 months
Creditors Payment Period	-	73 days

Gross Profit is Rs.60,000 ; excess of closing stock over opening stock is Rs.5,000.

Any difference in Balance sheet represents bank balance. Entire sales & purchases can be assumed to be on credit.

c) Following are incomplete comparative statement for the year ended 31st March.

Particulars	Rs. (in Lacs)			Trend % Base Year 2013		
	2013	2014	2015	2013	2014	2015
Net Sales	700	?	?	100	120	140
(-) Cost of goods sold	560	?	?	100	110	?
Gross Profit	140	?	?	100	160	150
(-) Operating Expenses	84	?	?	100	125	175
Operating Profit	56	?	?	100	?	?
(+) Non- Operating Income	?	?	?	100	120	50
	66	?	?	100	?	?
(-) Non-Operating Expense	6	?	?	100	100	200
Net Profit	60	125	56	100	208.33	93.33

d) The Balance sheets of S & Co., and K & Co., are given as follows:

Liabilities	S & Co.,	K & Co.,
Preference Share Capital	1,20,000	1,60,000
Equity Share Capital	1,50,000	4,00,000
Reserve & Surpluses	14,000	18,000
Long-term loans	1,15,000	1,30,000
Bills Payable	2,000	-
Sundry Creditors	27,000	4,000
Outstanding Expenses	0	6,000
Proposed dividend	<u>10,000</u>	<u>90,000</u>
	<u>4,38,000</u>	<u>8,08,000</u>
Land and Building	80,000	1,23,000
Plant and Machinery	3,34,000	6,00,000
Temporary Investment	1,000	40,000
Inventories	10,000	25,000
Book-Debts	4,000	8,000
Prepaid expenses	1,000	2,000
Cash and Blank Balances	<u>8,000</u>	<u>10,000</u>
	<u>4,38,000</u>	<u>8,08,000</u>

Compare the financial position of two companies with the help of common size balance sheet.

e) Present trend statement for the following taking 2006 as the base: Rs.('000)

Item	2006	2007	2008
Equity	1000	1000	1200
General Reserve	800	1000	1200
15% Debentures	400	500	500
Bank Overdraft	300	400	550
Bills payable	100	120	80
Sundry Creditors	300	400	500
Outstanding liabilities	50	75	125

Q.4) Attempt both the questions

(Marks: 2X10=20)

a) From the following prepare cash flow statement as per AS-3

Liabilities	2014	2015	Assets	2014	2015
Share Capital	2,88,000	3,20,000	Fixed Assets	2,40,000	4,00,000
Reserves And Surpluses	64,000	80,000	Less Accumulated Dep.	64,000	1,20,000
Bank Loan	80,000	60,000		1,76,000	2,80,000
creditors	2,48,000	2,40,000	Goodwill	64,000	56,000
bills payable		4,000	Investments	72,000	88,000
Proposed Dividend	36,000	48,000	Stock	1,60,000	1,80,000
Income Tax Payable	20,000	24,000	Debtors	1,60,000	1,52,000
			Bank	1,04,000	20,000
	7,36,000	7,76,000		7,36,000	7,76,000

Additional information:
 (i) During the year a part of the machinery costing Rs. 40,000 was sold for Rs. 20,000.
 (ii) Depreciation provided during the year Rs. 80,000.
 (iii) Interim Dividend paid during the year Rs. 20,000.

b) On the basis of the following balances as at 31st December extracted from the books of Alpha Ltd. you are required to:

- Ascertain the missing balances.
- Give your interpretation on the same.

Particulars	31.12.13		31.12.14		31.12.15	
	Rs.	%	Rs.	%	Rs.	%
Fixed assets	1,60,000	100	?	150	?	200
Less: Depreciation Prov.	60,000	100	?	150	?	250
Net fixed assets	1,00,000	100	?	150	?	170
Current Assets:						
Stock	3,00,000	100	?	120	?	140
Debtors	4,50,000	100	?	120	?	160
Bank balances	1,00,000	100	?	80	?	110
Short term advances	?	100	?	?	?	?
Total Current Assets	10,00,000	100	?	120	?	144
Less: Current Liabilities	3,00,000	100	?	110	?	130
Working Capital	?	100	?	?	?	?
Capital Employed	?	100	?	?	?	?
Debentures	4,00,000	100	?	75	?	50
Net worth	?	100	?	?	?	?
