

[Time: 2 Hours]

[Marks:60]

Please check whether you have got the right question paper.

- N.B:**
1. Qs.1 and Qs.2 are compulsory.
 2. Out of Qs.3 and Qs.4 attempt any one.
 3. Out of Qs.5 and Qs.6 attempt any one.

Q.1 Star Ltd is planning to purchase a machinery. It has following 2 options. Cost of machine X Rs.3,00,000 and Y Rs.2,00,000 **15**

Expected cash flows for 5 years are given below :

Year	Machine X (Rs)	Machine Y (Rs)
1	90,000	75,000
2	91,000	75,000
3	95,000	85,000
4	93,000	85,000
5	25,000	95,000

The discount factor at 10% is :

Year	1	2	3	4	5
P.V	0.909	0.826	0.751	0.683	0.621

Calculate the Net present Value and suggest which machine should be purchased

Q.2 A) State whether the following are True or False. **08**

1. Net Profit Ratio is a liquidity ratio.
2. The standard current ratio is 1:2.
3. Descriptive reports are in written form.
4. Project with lowest payback period must be rejected.
5. MIS means management income statement.
6. Auditors report is addressed to shareholders.
7. Cost report consists of different elements of cost.
8. Shareholders fund and Borrowed funds are two sources of funds.

B) Fill in the blanks: **07**

1. Working capital = Total Current Assets - _____.
2. The term _____ refers to acquiring inputs with Long-run returns.
3. Total Assets = Fixed Assets + _____ + Current Assets.
4. Redemption of Debentures is cash flow from _____ activity.
5. Sales - _____ = Gross Profit.
6. Auditor's Report is signed by an _____.
7. _____ helps to plan and control cash.

[P.T.O]

Q.3 From the given details prepare Cash Budget for the period 01-10-2017 - 31-12-2017 **15**

Month (2017)	Purchase (Rs)	Factory expenses (Rs)	Office expenses (Rs)	Sales (Rs)
July	70,000	10,000	12,000	1,00,000
August	90,000	15,000	18,000	2,00,000
September	1,00,000	20,000	25,000	2,00,000
October	1,25,000	22,000	24,000	2,50,000
November	1,50,000	24,000	26,000	2,70,000
December	2,00,000	25,000	30,000	2,90,000

Other details :

1. Cash balance as on 30-09-2017 is to be taken as Rs.75,000
2. 40% of sales are on credit basis of two month.
3. 30% of purchase are on cash of one month.
4. Dividend of Rs.10,000 will be received in October 2017
5. A Machinery will be sold for Rs.40,000 in December 2017.
6. All expenses are paid in the next month.

OR

Q.4 Following are the details available: **15**

Sales Rs.20,00,000

Gross Profit Rs. 2,00,000

Office & Administrative expenses Rs.4,00,000

Selling and Distribution expenses Rs.2,50,000

Average stock Rs.1,80,000

Tax paid Rs.50,000

Interest paid Rs. 20,000

Calculate :

1. Gross Profit Ratio
2. Net Profit Ratio
3. Opening Ratio
4. Stock Turnover Ratio
5. Selling & Distribution Expenses Ratio

Q.5 Complete the following Balance Sheet as on 31-03-2016 **15**

LIABILITIES	Rs	ASSETS	Rs
Equity Share Capital	?	Land & Building	2,00,000
Preference Share Capital	?	Plant & Machinery	?
General Reserve	?	Investment (long term)	1,00,000
Profit & Loss A/c	?	Debtors	75,000
Creditors	?	Stock	25,000
Bills Payable	?	Cash	?
		Bank	?
	?		?

[P.T.O]

1. Total Fixed Assets = Rs.4,00,000
2. Working capital =Rs.1,00,000
3. Current ratio =3 : 1
4. Cash Balance = Bank Balance
5. Share Capital is 2 times of Reserves & Surplus.
6. Equity Share Capital is 3 times of Preference share capital.
7. General Reserve is equal to profit & Loss A/c.

OR

Q.6 Write short notes : (any 3)

1. Advantages of ratio analysis
2. Cash Budget
3. Capital Budgeting
4. Contents of Director's Reports
5. Interpretation of Financial Statements

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