

[Time: 3 Hours]
[Marks: 80]

Please check whether you have got the right question paper.

- N.B:
1. Question 1 is compulsory
 2. Attempt any three from Q2 To Q6

Q.1 A From the following Trial Balance of M/s. Sharadchandra & Sons, prepare trading and profit and loss account for the year ending on 31st March 2016 and the balance sheet as on the date: **10**

 Trial Balance as on 31st March 2016

Name of account	Debit (Rs.)	Credit(Rs)
Land	1,00,000	
Building	2,00,000	
Sales return	10,000	
Purchase return		5,000
Bank overdraft		15,000
Creditors		20,000
Wages	12,000	
General expenses	5,000	
Bad debts	1,000	
Capital		2,81,000
Sales		3,00,000
Purchases	1,75,000	
Opening Stock	25,000	
Debtors	50,000	
Cash in hand	5,000	
Salaries	10,000	
Goodwill	15,000	
Selling expenses	12,000	
Insurance	1,000	
Total	6,21,000	621000

Adjustments:

1. Closing stock is Rs.30,000
2. Provide depreciation @10% p.a on building
3. Write off further bad debts Rs.1,000
4. Salaries yet to be paid Rs.3,000

Q.1 B. What is Financial Management? Briefly explain scope of Financial Management **10**

Q.2 A Journalise following transactions in the books of Shalimar Enterprises 2016 **10**

Jan 1 Started business with cash Rs. 1,00,000

Jan 2 purchased goods for cash Rs.9,000

Jan 3 Received from Mr.Sahani Rs.5,000

- Jan 4 Commission received by cheque of Rs. 10,000
- Jan 5 Sold machinery for Rs.15,000
- Jan 6 Purchased goods of Rs.10,000 @ 10% cash Discount
- Jan 7 Issued cheque of Rs.5,000 to Ramanlal Enterprises
- Jan 8 Paid Insurance Premium of Rs.10,000 by cheque
- Jan 9 Salaries paid Rs.8,000
- Jan 10 Paid Rent Rs. 10,000 by cheque.

- Q.2 B** Explain any two accounting concepts with example. **10**
- Q.3 A** Prepare Cash budget for March-May 2016 from the following information. **10**

Month	Credit Sales(Rs.)	Credit Purchases(Rs.)	Office expenses (Rs.)	Other Expenses(Rs.)
January	2,89,000	2,72,000	12,000	5,000
February	1,22,500	2,28,000	9,000	6,000
March	1,69,000	1,10,000	8,000	5,000
April	1,07,000	1,28,000	9,000	8,000
May	1,20,000	1,51,000	8,000	6,000
June	1,98,000	1,40,000	10,000	9,000

Other information:

- 1) Cash balance as on 1st March is Rs.10,000.
- 2) Credit allowed by supplier is two month.
- 3) Credit allowed to customer is one month.
- 4) Delay in payment of office expenses and other expenses are one month.
- 5) Dividend received Rs.5,000 in the month of April
- 6) Interest paid Rs.3,000 in the month of May

- Q.3 B** State the features of Capital budgeting decisions. **10**

Q.4 A The following is the summarized Profit and Loss Account and Balance Sheet of Sun India Ltd for the year **10** Ending 31st March 2016.

Profit and Loss Account

Particulars	Amount (Rs.)	Particulars	Amount (Rs.)
To Opening Stock	10,000	By Sales	1,10,000
To Purchases	60,000	By Closing Stock	15,000
To Freight Expenses	5,000		
To Gross Profit c/d	50,000		
	1,25,000		1,25,000
To operating Expenses:		By Gross Profit b/d	50,000
To Administration expenses	15,000	By Non trading income:	
To Office Expenses	5,000	Interest on Investment	5,000
To Selling and Distribution Expenses	5,000	Profit on sale of assets	1,000
To Non operating Expenses:		Dividend received	4,000
To loss os sale of Fixed assets	1,000		
To Net Profit c/d	34,000		
	60,000		60,000

Balance sheet for the year ending 31st March 2016

Liabilities	Amount (Rs)	Assets	Amount (Rs)
Share Capital	15000	Cash in hand	2000
Reserves	3000	Cash at bank	3000
Debenture	12000	Marketable securities	5000
Current Liabilities	20000	Inventories	15000
Profit and Loss A/c	34,000	Sundry Debtors	6000
		Prepaid expenses	4000
		Land and Building	49,000
	84,000		84,000

You are required to calculate following ratios

1. Current ratio
2. Liquid ratio
3. Gross Profit ratio
4. Operating ratio

Q.4 B What are the different categories of ratios? How are they classified? **10**

Q.5 A Sunrise Ltd provides you the following information: **10**

Purchase price of machine Rs. 80,000

Installation charges Rs. 20,000

Estimated salvage value at the end of useful life Rs.40,000

Useful life 4 years

Working capital required Rs.10,000

Annual earning before interest and tax Rs.65,000

Tax rate 30%

Calculate the Accounting Rate of return by following Straight Line Method.

Q.5 B What is break even Point? Why it is used? **10**

Q.6 A Explain in detail cash flow Statement. **10**

Q.6 B What is need of Ledger? **10**