EXERCISE-1

1. In a meeting held at Solan towards the end of 2021-22, the Directors of HPCL Ltd. have taken a decision to diversify. At present HPCL Ltd. sells all finished goods from its own warehouse. The company issued debentures on 01.04.2022 and purchased fixed assets on the same day. The purchase prices have remained stable during the concerned period. Following information is provided to you:

INCOME STATEMENT

Particulars		**2021-22** (₹)		**2022-23** (₹)
Cash Sales		30,000		32,000
Credit Sales		2,70,000		3,00,000
		3,42,000		3,74,000
Less: Cost of goods sold		(2,36,000)		(2,98,000)
Gross profit		64,000		76,000
Less: Operating Expenses:				
Warehousing	13,000		14,000	
Transport	6,000		10,000	
Administrative	19,000		19,000	
Selling	11,000	(49,000)	14,000	(57,000)
Net Profit		**15,000**		**19,000**

BALANCE SHEET

Assets & Liabilities	**2021-22** (₹)		**2022-23** (₹)	
Fixed Assets (Net Block)	-	30,000	-	40,000
Receivables	50,000		82,000	
Cash at Bank	10,000		7,000	
Stock	60,000		94,000	
Total Current Assets (CA)	1,20,000		1,83,000	
Payables	50,000		76,000	
Total Current Liabilities (CL)	50,000		76,000	
Working Capital (CA - CL)		70,000		1,07,000
Net Assets		**1,00,000**		**1,47,000**
Represented by:				
Share Capital		75,000		75,000
Reserve and Surplus		25,000		42,000
Debentures		–		30,000
		1,00,000		**1,47,000**

You are required to CALCULATE the following ratios for the years 2021-22 and 2022-23:

(i) Gross Profit Ratio

(ii) Operating Expenses to Sales Ratio

(iii) Operating Profit Ratio

(iv) Capital Turnover Ratio

(v) Stock Turnover Ratio

(vi) Net Profit to Net Worth Ratio

(vii) Receivables Collection Period

Ratio relating to capital employed should be based on the capital at the end of the year. Give the reasons for change in the ratios for 2 years. Assume opening stock of ₹ 40,000 for the year 2021-22. Ignore Taxation.

Q.2 Following is the abridged Balance Sheet of Alpha Ltd.:

Liabilities	**₹**	**Assets**	**₹**	**₹**
Share Capital	1,00,000	Land and Buildings		80,000
Profit and Loss Account	17,000	Plant and Machineries	50,000	
Current Liabilities	40,000	Less: Depreciation	(15,000)	35,000
				1,15,000
		Stock	21,000	
		Receivables	20,000	
		Bank	1,000	42,000
Total	**1,57,000**	**Total**		**1,57,000**

With the help of the additional information furnished below, you are required to PREPARE Trading and Profit & Loss Account and Balance Sheet as at 31st March, 2023:

(i) The company went in for re-organisation of capital structure, with share capital remaining the same as follows:

Share capital	50%
Other Shareholders' funds	15%
5% Debentures	10%
Current Liabilities	25%

Debentures were issued on 1st April, interest being paid annually on 31st March.

(ii) Land and Buildings remained unchanged. Additional plant and machinery has been bought and a further ₹ 5,000 depreciation was written off. (The total fixed assets then constituted 60% of total fixed and current assets.)

(iii) Working capital ratio was 8:5.

(iv) Quick assets ratio was 1:1.

(v) The receivables (four-fifth of the quick assets) to sales ratio revealed a credit period of 2 months. There were no cash sales.

(vi) Return on net worth was 10%.

(vii) Gross profit was at the rate of 15% of selling price.

(viii) Stock turnover was eight times for the year.

Ignore Taxation.

Q.3 X Co. has made plans for the next year. It is estimated that the company will employ total assets of ₹ 8,00,000; 50 per cent of the assets being financed by borrowed capital at an interest cost of 8 per cent per year. The direct costs for the year are estimated at ₹ 4,80,000 and all other operating expenses are estimated at ₹ 80,000. The goods will be sold to customers at 150 per cent of the direct costs. Tax rate is assumed to be 50 per cent.

You are required to CALCULATE:

(i) Operating profit margin (before tax);

(ii) Net profit margin (after tax);

(iii) Return on assets (on operating profit after tax);

(iv) Asset turnover and

(v) Return on owners' equity.

Q.4 From the following ratios and information given below, PREPARE Trading Account, Profit and Loss Account and Balance Sheet of ABC Company:

Fixed Assets	₹ 40,00,000
Closing Stock	₹ 4,00,000
Stock turnover ratio	10
Gross profit ratio	25 percent
Net profit ratio	20 percent
Net profit to capital	1/5
Capital to total liabilities	1/2
Fixed assets to capital	5/4
Fixed assets/Total current assets	5/7

Q.5 ABC Company sells plumbing fixtures on terms of 2/10, net 30. Its financial statements over the last 3 years are as follows:

Particulars	**2020-21**	**2021-22**	**2022-23**
	₹	₹	₹
Cash	30,000	20,000	5,000
Accounts receivable	2,00,000	2,60,000	2,90,000

Inventory	4,00,000	4,80,000	6,00,000
	6,30,000	7,60,000	8,95,000
Net fixed assets	8,00,000	8,00,000	8,00,000
	14,30,000	15,60,000	16,95,000
Accounts payable	2,30,000	3,00,000	3,80,000
Accruals	2,00,000	2,10,000	2,25,000
Bank loan (short-term)	1,00,000	1,00,000	1,40,000
	5,30,000	6,10,000	7,45,000
Long-term debt	3,00,000	3,00,000	3,00,000
Common stock	1,00,000	1,00,000	1,00,000
Retained earnings	5,00,000	5,50,000	5,50,000
	14,30,000	15,60,000	16,95,000
	₹	₹	₹
Sales	40,00,000	43,00,000	38,00,000
Cost of goods sold	32,00,000	36,00,000	33,00,000
Net profit	3,00,000	2,00,000	1,00,000

Considering opening balance of Accounts Receivable and Inventory as 2,00,000 and 4,00,000 respectively as on 01.04.2020, Analysis the company's financial condition and performance over the last 3 years. Are there any problems?

Q.6 Following information are available for Navya Ltd. along with various ratios relevant to the particular industry it belongs to. Appraise your comments on strength and weakness of Navya Ltd. comparing its ratios with the given industry norms.

Navya Ltd.

Balance Sheet as at 31.3.2023

Liabilities	**(₹)**	**Assets**	**(₹)**
Equity Share Capital	48,00,000	Fixed Assets	24,20,000
10% Debentures	9,20,000	Cash	8,80,000
Sundry Creditors	6,60,000	Sundry debtors	11,00,000
Bills Payable	8,80,000	Stock	33,00,000
Other current Liabilities	4,40,000		–
Total	**77,00,000**	**Total**	**77,00,000**

Statement of Profitability

For the year ending 31.3.2023

	Particulars	**(₹)**	**(₹)**
	Sales		1,10,00,000
Less:	Cost of goods sold:		

	Material	41,80,000	
	Wages	26,40,000	
	Factory Overhead	12,98,000	(81,18,000)
	Gross Profit		28,82,000
Less:	Selling and Distribution Cost	11,00,000	
	Administrative Cost	12,28,000	(23,28,000)
	Earnings before Interest and Taxes		5,54,000
Less:	Interest Charges		(92,000)
	Earning before Tax		4,62,000
Less:	Taxes @ 50%		(2,31,000)
	Net Profit (PAT)		2,31,000

Industry Norms

Ratios	**Norm**
Current Ratio	2.5
Receivables Turnover Ratio	8.0
Inventory Turnover Ratio (based on Sales)	9.0
Total Assets Turnover Ratio	2.0
Net Profit Ratio	3.5%
Return on Total Assets (on EBIT)	7.0%
Return on Net worth (Based on Net profit)	10.5%
Total Debt/Total Assets	60.0%

Q.7 The total sales (all credit) of a firm are ₹ 6,40,000. It has a gross profit margin of 15 per cent and a current ratio of 2.5. The firm's current liabilities are ₹ 96,000; inventories ₹ 48,000 and cash ₹16,000.

(a) Determine the average inventory to be carried by the firm, if an inventory turnover of 5 times is expected? (Assume 360 days a year).

(b) Determine the average collection period if the opening balance of debtors is intended to be of ` 80,000? (Assume 360 days a year).

Q.8 The capital structure of Beta Limited is as follows:

Equity share capital of ₹ 10 each	8,00,000
9% preference share capital of ₹ 10 each	3,00,000
	11,00,000

Additional information:

Profit (after tax at 35 per cent)	₹ 2,70,000;
Depreciation	₹ 60,000;

Equity dividend paid	20 per cent;
Market price of equity shares	₹ 40.

You are required to compute the following, showing the necessary workings:

(a) Dividend yield on the equity shares

(b) Cover for the preference and equity dividends

(c) Earnings per shares

(d) Price-earnings ratio

Q.9 The following accounting information and financial ratios of PQR Ltd. relates to the year ended 31st March, 2023:

Accounting Information:

Gross Profit	15% of Sales
Net profit	8% of sales
Raw materials consumed	20% of works cost
Direct wages	10% of works cost
Stock of raw materials	3 months' usage
Stock of finished goods	6% of works cost
Debt collection period (All sales are on credit)	60 days

Financial Ratios:

Fixed assets to sales	1 : 3
Fixed assets to Current assets	13 : 11
Current ratio	2 : 1
Long-term loans to Current liabilities	2 : 1
Share Capital to Reserves and Surplus	1 : 4

If value of Fixed Assets as on 31st March, 2022 amounted to ` 26 lakhs, Prepare a summarised Profit and Loss Account of the company for the year ended 31st March, 2023 and also the Balance Sheet as on 31st March, 2023.

Q.10 Ganpati Limited has furnished the following ratios and information relating to the year ended 31st March, 2023:

Sales	₹ 60,00,000
Return on net worth	25%
Rate of income tax	50%
Share capital to reserves	7:3
Current ratio	2
Net profit to sales	6.25%
Inventory turnover (based on cost of goods sold)	12

Cost of goods sold	₹ 18,00,000
Interest on debentures	₹ 60,000
Receivables	₹ 2,00,000
Payables	₹ 2,00,000

You are required to:

(a) Calculate the operating expenses for the year ended 31st March, 2023.

(b) Prepare a Balance Sheet as on 31st March, 2023 in the following format:

Balance Sheet as on 31st March, 2023

Liabilities	`	**Assets**	`
Share Capital		Fixed Assets	
Reserve and Surplus		Current Assets	
15% Debentures		Stock	
Payables		Receivables	
		Cash	

Q.11 Using the following information, Prepare the balance sheet:

Long-term debt to net worth	0.5
Total asset turnover	2.5
Average collection period*	18 days
Inventory turnover	9
Gross profit margin	10%
Acid-test ratio	1

*Assume a 360-day year and all sales on credit.

	₹		₹
Cash	?	Notes and payables	1,00,000
Accounts receivable	?	Long-term debt	?
Inventory	?	Common stock	1,00,000
Plant and equipment	?	Retained earnings	1,00,000
Total assets	**?**	**Total liabilities and equity**	**?**

Q.12 Following information has been provided from the books of Laxmi Pvt. Ltd. for the year ending on 31st March, 2023:

Net Working Capital	₹ 4,80,000
Bank overdraft	₹ 80,000
Fixed Assets to Proprietary ratio	0.75
Reserves and Surplus	₹ 3,20,000
Current ratio	2.5

Liquid ratio (Quick Ratio)	1.5

You are required to prepare a summarised Balance Sheet as at 31st March, 2023 assuming that there is no long-term debt.

Q.13 Manan Pvt. Ltd. gives you the following information relating to the year ending 31st March, 2023:

1.	Current Ratio	2.5 : 1
2.	Debt-Equity Ratio	1 : 1.5
3.	Return on Total Assets (After Tax)	15%
4.	Total Assets Turnover Ratio	2
5.	Gross Profit Ratio	20%
6.	Stock Turnover Ratio	7
7.	Net Working Capital	₹ 13,50,000
8.	Fixed Assets	₹ 30,00,000
9.	1,80,000 Equity Shares of	₹ 10 each
10.	60,000, 9% Preference Shares of	₹ 10 each
11.	Opening Stock	₹ 11,40,000

You are required to Calculate:

(a) Quick Ratio

(b) Fixed Assets Turnover Ratio

(c) Proprietary Ratio

(d) Earnings per Share

Q.13 Gig Ltd. has furnished the following information relating to the year ended 31st March, 2022 and 31st March, 2023:

	31st March, 2022 (₹)	31st March, 2023 (₹)
Share Capital	40,00,000	40,00,000
Reserve and Surplus	20,00,000	25,00,000
Long term loan	30,00,000	30,00,000

(i)	Net profit ratio:	8%
(ii)	Gross profit ratio:	20%
(iii)	Long-term loan has been used to finance	40% of the fixed assets.
(iv)	Stock turnover with respect to cost of goods sold is	4
(v)	Debtors represent	90 days sales.
(vi)	The company holds cash equivalent to	1½ months cost of goods sold.
(vii)	Ignore taxation and assume 360 days in a year.	

You are required to PREPARE Balance Sheet as on 31st March, 2023 in the following format:

	₹		₹
Share Capital	-	Fixed Assets	-
Reserve & Surplus	-	Sundry Debtors	-
Long term loan	-	Closing Stock	-
Sundry Creditors	-	Cash in hand	-

Q.14 Following information relates to Temer Ltd.:

Debtors Velocity	3 months
Creditors Velocity	2 months
Stock Turnover Ratio	1.5
Gross Profit Ratio	25%
Bills Receivables	₹ 25,000
Bills Payables	₹ 10,000
Gross Profit	₹ 4,00,000
Fixed Assets turnover Ratio	4

Closing stock of the period is ₹ 10,000 above the opening stock.

Determine

(i) Sales and cost of goods sold

(ii) Sundry Debtors

(iii) Sundry Creditors

(iv) Closing Stock

(v) Fixed Assets

Q.15 From the following information and ratios, Prepare the Balance sheet as at 31st March, 2023 and income Statement for the year ended on that date for M/s Ganguly & Co.

Average Stock	₹ 10 lakh
Current Ratio	3:1
Acid Test Ratio	1:1
PBIT to PBT	2.2:1
Average Collection period (Assume 360 days in a year)	30 days
Stock Turnover Ratio (Use sales as turnover)	5 times
Fixed assets turnover ratio	0.8 times
Working Capital	₹ 10 lakh
Net profit Ratio	10%
Gross profit Ratio	40%
Operating expenses (excluding interest)	₹ 9 lakh

Long term loan interest	12%
Tax	Nil

Q.16 From the following information, you are required to prepare a summarised Balance Sheet for Rudra Ltd. for the year ended 31st March, 2023:

Debt Equity Ratio	1:1
Current Ratio	3:1
Acid Test Ratio	8:3
Fixed Asset Turnover (on the basis of sales)	4
Stock Turnover (on the basis of sales)	6
Cash in hand	₹ 5,00,000
Stock to Debtor	1:1
Sales to Net Worth	4
Capital to Reserve	1:2
Gross Profit	20% of Cost
COGS to Creditor	10:1

Interest for entire year is yet to be paid on Long Term loan @ 10%.

Q.17 From the given information's prepare projected Trading & Profit & Loss A/c and a Balance Sheet.

Ratio of Gross profit	25%
Net profit to equity capital	10%
Stock Turnover Ratio	5 Times
Average Debtors Collection period	2 Month
Creditors velocity	3 Month
Current Ratio	2
Proprietary Ratio (Fixed Assets to Capital employed)	80%
Capital gearing Ratio	30%
(Preference Share & Debenture to Capital employed)	
General reserves and P&L A/c to issued share capital	25%
Preference share capital to Debenture	2

Cost of sales consist of 40% for materials & Balance for wages & overhead.

Gross profit is ₹ 6,00,000.

Q.18 Prepare balance sheet of Mr. Bajrang from the following:

Current Ratio	2
Working capital	₹ 4,00,000

Capital Block to current Assets	3:2
Fixed Assets to turnover	1:3
Sales cash/credit	1:2
Creditors velocity	2 month
Stock velocity	2 month
Debtors' velocity	3 month
Gross profit to sales	25%
Net profit to sales	10%
Reserve to sales	2.5%
Debenture / Share capital	1:2

Q.19 A company having a net working capital of ₹ 2.80 lakhs as on 30.06.2023 indicates the following financial ratios and performance figures:

Current ratio	2.4
Liquidity ratio	1.6
Inventory turnover (on cost of sales)	8
Gross profit on sales	20%
Credit allowed (months)	1.5

The company's fixed assets are equivalent to 90% of its net-worth (share capital plus reserves), while reserves amounted to 40% of share capital.

Prepare the balance sheet of the company as on 30.6.2001 showing calculations.

Q.20 From the following information, make out a statement of proprietor's funds with as many details as possible:

(i)	Current ratio	2.5
(ii)	Liquid ratio	1.5
(iii)	Proprietary ratio (fixed assets / proprietary funds)	0.75
(iv)	Working capital	₹ 60,000
(v)	Reserves and surplus	₹ 40,000
(vi)	Bank overdraft	₹ 10,000
(vii)	There is no long-term loan or fictitious assets.	

PAST YEARS' QUESTIONS

Q.1 The following is the information of XML Ltd. relate to the year ended 31-03-2018:

Gross Profit	20% of Sales
Net Profit	10% of Sales
Inventory Holding period	3 months
Receivable collection period	3 months
Non-Current Assets to Sales	1:4
Non-Current Assets to Current Assets	1:2
Current Ratio	2:1
Non-Current Liabilities to Current Liabilities	1:1
Share Capital to Reserve and Surplus	4:1
Non-current Assets as on 31st March, 2017	₹ 50,00,000

Assume that:

(i) No change in Non-Current Assets during the year 2017-18.

(ii) No depreciation charged on Non-Current Assets during the year 2017-18.

Ignoring tax, you are required to calculate Cost of goods sold, Net profit, Inventory, Receivables and Cash for the year ended on 31st March, 2018 **[Nov.2018 (5 Marks)]**

Q.2 The accountant of Moon Ltd. has reported the following data:

Gross profit	₹ 60,000
Gross Profit Margin	20 per cent
Total Assets Turnover	0.30:1
Net Worth to Total Assets	0.90:1
Current Ratio	1.5:1
Liquid Assets to Current Liability	1:1
Credit Sales to Total Sales	0.80:1
Average Collection Period	60 days

Assume 360 days in a year

You are required to complete the following:

Balance Sheet of Moon Ltd.

Liabilities	**₹**	**Assets**	**₹**
Net Worth		Fixed Assets	
Current Liabilities		Stock	
		Debtors	
		Cash	
Total Liabilities		**Total Assets**	

[May 2018 (5 Marks)]

Q.3 Using the information given below, complete the Balance Sheet of PQR Private Limited:

(i)	Current ratio	1.6:1
(ii)	Cash and Bank balance	15% of total current assets
(iii)	Debtors' turnover ratio	12 times
(iv)	Stock turnover (cost of goods sold) ratio	16 times
(v)	Creditors turnover (cost of goods sold) ratio	10 times
(vi)	Gross Profit ratio	20%
(vii)	Capital Gearing ratio	0.6
(viii)	Depreciation rate	15% on W.D.V.
(ix)	Net Fixed Assets	20% of total assets

(Assume all purchase and sales are on credit)

Balance Sheet of PQR Private Limited
as at 31.03.2019

Liabilities		**₹**	**Assets**	**₹**	**₹**
Share Capital		25,00,000	Fixed Assets		
Reserve & surplus		?	Opening WDV	?	
12% Long term debt		?	Less: Depreciation	?	?
Current Liabilities			Current Assets		
Creditors	?		Stock	?	
Provisions &			Debtors	?	
outstanding expenses	?	68,50,000	Cash & bank balance	?	?
Total		**?**	**Total**		**?**

[May 2019 (8 Marks)]

Q.4 Following figures and ratios are related to a company Q Ltd.:

(i)	Sales for the year (all credit)	₹ 30,00,000
(ii)	Gross Profit ratio	25 per cent
(iii)	Fixed assets turnover (based on cost of goods sold)	1.5
(iv)	Stock turnover (based on cost of goods sold)	6
(v)	Liquid ratio	1:1
(vi)	Current ratio	1.5:1
(vii)	Receivables (Debtors) collection period	2 months
(viii)	Reserves and surplus to share capital	0.6:1
(ix)	Capital gearing ratio	0.5
(x)	Fixed assets to net worth	1.20:1

You are required to calculate:

(a) Closing stock

(b) Fixed Assets

(c) Current Assets

(d) Debtors and

(e) Net worth. **[May 2019 (5 Marks)]**

Q.5 Following information relates to a firm:

Current ratio	1.5:1
Inventory Turnover Ratio (Based on COGS)	8
Sales	₹ 40,00,000
Working capital	₹ 2,85,000
Gross Profit Ratio	20%

You are required to find out:

(i) The value of opening stock presuming that the closing stock is ₹ 40,000 more than the opening stock.

(ii) The value of Bank overdraft, presuming that the Bank overdraft and other current liabilities are in a ratio of 2:1. **[Nov.2019 (5 Marks)]**

Q.6 Following information has been gathered from the books of Tram Ltd. the equity shares of which is trading in the stock market at ₹ 14.

Particulars	**Amount (₹)**
Equity Share Capital (face value ₹ 10)	10,00,000
10% Preference Shares	2,00,000
Reserves	8,00,000
10% Debentures	6,00,000
Profit before Interest and Tax for the year	4,00,000
Interest	60,000
Profit after Tax for the year	2,40,000

Calculate the following:

(i) Return on Capital Employed

(ii) Earnings per share

(iii) PE ratio **[Nov.2019 (5 Marks)]**

Q.7 Following information relates to RM Co. Ltd.

	(₹)
Total Assets employed	10,00,000
Direct Cost	5,50,000
Other Operating Cost	90,000

Goods are sold to the customers at 150% of direct costs.

50% of the assets being financed by borrowed capital at an interest cost of 8% per annum. Tax rate is 30%. You are required to calculate:

(i) Net profit margin **(ii)** Return on Assets **(iii)** Asset turnover **(iv)** Return on owners' equity

[Nov. 2020 (5 Marks)]

Q.8 From the following information, complete the Balance Sheet given below:

(i)	Equity Share Capital	₹ 2,00,000
(ii)	Total debt to owner's equity	0.75
(iii)	Total Assets turnover	2 times
(iv)	Inventory turnover	8 times
(v)	Fixed Assets to owner's equity	0.60
(vi)	Current debt to total debt	0.40

Balance Sheet of XYZ Co.
as on March 31, 2020

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Shares Capital	2,00,000	Fixed Assets	?
Long term Debt	?	Current Assets:	
Current Debt	?	Inventory	?
		Cash	?

[Jan.2021 (5 Marks)]

Q.9 Balance Sheet of ABC Ltd is as follows:

Balance Sheet as on 31-03-2020

Liabilities	Amount (₹)	Assets		Amount (₹)
Share Capital	2,00,000	Land and Buildings		40,000
Reserve & Surplus	30,000	Plant & Machinery	1,00,000	
Current Liabilities	20,000	Less: Depreciation	(30,000)	70,000
		Stock		55,000
		Debtors		45,000
		Cash & Bank		40,000
	2,50,000			**2,50,000**

Following additional information is also provided for the year 2020-21:

(i) The company has decided for re-organisation of its total liabilities, (with the amount of share capital remaining the same) as follows:

	(as % of Total Liabilities)
Share Capital	40%
Reserves	20%
10% Debentures	15%
Trade Creditors	25%

Debentures will be issued on 1st April; interest will be paid annually on 31st March.

(ii) Land and Buildings remained unchanged. Additional Plant and Machinery has been introduced and further ₹ 10,000 depreciation is to be written off on additions. (The total fixed assets then constituted 30% of total assets.)

(iii) Quick assets ratio is 1:1.

(iv) The Debtors (One fourth of the quick assets) to sales ratio represents a credit period of 1.5 month. There are no cash sales.

(v) Return on Net worth is 15%.

(vi) Gross Profit is at the rate of 40% of selling price.

You are required to prepare:

(a) Projected Profit & Loss Account for the year ended March, 2021 and

(b) Balance Sheet as at 31st March, 2021. (Ignore Corporate Tax) **[July 2021 (8 Marks)]**

Q.10 Masco Limited has furnished the following ratios and information relating to the year ended 31st March 2021:

Sales	₹ 75,00,000
Return on net worth	25%
Rate of income tax	50%
Share capital to reserves	6:4
Current ratio	2.5
Net profit to sales (After Income Tax)	6.50%
Inventory turnover (based on cost of goods sold)	12
Cost of goods sold	₹ 22,50,000
Interest on debentures	₹ 75,000
Receivables (includes debtors ₹ 1,25,000)	₹ 2,00,000
Payables	₹ 2,50,000
Bank Overdraft	₹ 1,50,000

You are required to:

(a) Calculate the operating expenses for the year ended 31st March, 2021.

(b) Prepare a balance sheet as on 31st March in the following format:

Liabilities	**₹**	**Assets**	**₹**
Share Capital		Fixed Assets	
Reserves and Surplus		Current Assets	
15% Debentures		Stock	
Payables		Receivables	
Bank Term Loan		Cash	

[July 2021 (10 Marks)]

Q.11 Using the following information, complete the Balance Sheet given below:

(i)	Gross Profit on sales	15%
(ii)	Total Assets turnover	1.5 times

(iii)	Total Debt to net worth	1:3
(iv)	Long-term Debt to Total Debt	1:3
(v)	Inventory turnover ratio (Based on cost of goods sold and closing inventory)	12
(vi)	Quick ratio	0.8:1
(vii)	Debtors Velocity (Assume 360 days in a year)	25 days
(viii)	Proportion of credit sales to Total sales	2:3

Balance Sheet

Liabilities	**₹**	**Assets**		**₹**
Share capital	20,00,000	Fixed Assets		-
Reserve & Surplus	7,00,000	Current Assets:		
Total Debts:	-	- Inventory	-	
- Long-term Debt	-	- Receivables	-	
- Current Liabilities	-	- Cash	-	-
Total	**-**	**Total**		**-**

[Dec.2021 (5 Marks)]

Q.12 Following are the data in respect of ABC Industries for the year ended 31st March, 2021:

Debt to Total assets ratio	0.40
Long-term debts to equity ratio	30%
Gross profit margin on sales	20%
Accounts receivables period	36 days
Quick ratio	0.9
Inventory holding period	55 days
Cost of goods sold	₹ 64,00,000

Liabilities	**₹**	**Assets**	**₹**
Equity Share Capital	20,00,000	Fixed assets	
Reserves & surplus		Inventories	
Long-term debts		Accounts receivable	
Accounts payable		Cash	
Total	**50,00,000**	**Total**	

Required:

Complete the Balance Sheet of ABC Industries as on 31st March, 2021. All calculations should be in nearest Rupee. Assume 360 days in a year. **[Dec.2021 (10 Marks)]**

Q.13 Following information and ratios are given for W Limited for the year ended 31st March, 2022:

Equity Share Capital of ₹ 10 each	₹ 10 lakhs
Reserves & Surplus to Shareholders' Fund	0.50
Sales / Shareholders' Fund	1.50

Current Ratio	2.50
Debtors Turnover Ratio	6.00
Stock Velocity	2 Months
Gross Profit Ratio	20%
Net Working Capital Turnover Ratio	2.50

You are required to calculate:

(i) Shareholders' Fund

(ii) Stock

(iii) Debtors

(iv) Current liabilities

(v) Cash Balance. **[May 2022 (5 Marks)]**

Q.14 The following figures are related to the trading activities of M Ltd.

Total assets	₹ 10,00,000
Debt to total assets	50%
Interest cost	10% per year
Direct Cost	10 times of the interest cost
Operating Exp.	₹ 1,00,000

The goods are sold to customers at a margin of 50% on the direct cost Tax Rate is 30% You are required to calculate

(i) Net profit margin

(ii) Net operating profit margin

(iii) Return on assets

(iv) Return on owner's equity **[Nov.2022 (5 Marks)]**

Q.15 Following information and ratios are given in respect of AQUA Ltd. for the year ended 31st March, 2023:

Current ratio	4.0
Acid test ratio	2.5
Inventory turnover ratio (based on sales)	6
Average collection period (days)	70
Earnings per share	₹ 3.5
Current liabilities	₹ 3,10,000
Total assets turnover ratio (based on sales)	0.96
Cash ratio	0.43
Proprietary ratio	0.48
Total equity dividend	₹ 1,75,000
Equity dividend coverage ratio	1.60

Assume 360 days in a year.

You are required to complete Balance Sheet as on 31stMarch, 2023.

Balance Sheet as on 31stMarch, 2023

Liabilities	₹	Assets	₹
Equity share capital (₹ 10 per share)	XXX	Fixed assets	XXX
Reserves & surplus	XXX	Inventory	XXX
Long-term debt	XXX	Debtors	XXX
Current liabilities	3,10,000	Loans & advances	XXX
		Cash & bank	XXX
Total	**XXX**	**Total**	**XXX**

[May 2023 (10 Marks)]

Q.16 You are available with following information of Brave Ltd.

Debtors' velocity	3 months
Creditors' velocity	2 months
Stock velocity	6 months
Gross Profit Ratio	20%

The gross profit for the year ended 31st March, 2023 was ₹ 10,00,000. Stock for the same period was ₹ 40,000 more than what it was at the beginning of the year. Bills receivable were ₹ 1,20,000.

From the above information, you are required to calculate:

(i) Sales

(ii) Sundry Debtors

(iii) Closing Stock **[Nov. 2023 (10 Marks)]**