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ANALYSIS OF FINANCIAL STATEMENTS

Class :- XII Subject :- Accountancy Part-2(12-13)

General Instructions

QNo.	Questions
1	The following figures were extracted from the Trial Balance of X Ltd. Share Capital 10,000 Equity shares of Rs. 10/- each fully paid:

Securities Premium	Rs. 10,000
12% debentures	Rs. 50,000
Fixed Deposits	Rs. 10,000
Creditors	Rs. 5,000

Your are required to draw up the liabilities side of the Balance Sheet, according to the requirements of the company Act.

2 From the following details, prepare a comparative income statement, showing increases, decreases and percentages .

Particulars	2003	2004
Net sales 15,00,000	21,50,000	
Cost of goods sold	11,00,000	15,00,000
Opening stock	10,00,000	13,00,000
Direct expenses	1,70,000	1,50,000
Selling, general & administrative expenses	2,00,000	2,30,000
Other incomes	17,000	8,000
Income tax paid	90,000	1,40,00

3 From the following data, prepare statement of profit in comparative form:

Particulars	2003	2004
Sales	50,00,000	45,00,000
Gross profit	26%	46%
Office and administrative expenses	9,90,000	9,40,000
Income tax rate	50%	50%

4 Prepare a comparative income statement of “X” Ltd. with the help of the following information:

Particular	2003	2004
Sales	1,00,000	2,00,000
Cost of goods sold	60% of sales	70% of sales
Indirect expenses		10% of gross profit
Rate of income tax		50% of net profit before tax

5 Following are the summarized balance sheet of X Ltd. Prepare a comparative balance sheet.

Liabilities	2003	2004	Assets	2003	2004
Equity share capital	5,00,000	5,00,000	Fixed assets	11,40,000	9,90,000
Reserves & surplus	1,10,000	1,20,000	Current assets	5,00,000	7,10,000
Secured loans	6,50,000	4,00,000			
Unsecured loans	—	1,00,000			
Current liabilities	3,80,000	5,80,000			
	16,40,000	17,00,000		16,40,000	17,00,000

6 Prepare the comparative balance sheet of M/S Balaji traders from the following:

Particulars	1993	1994
Assets: Fixed Assets	80,000	1,02,000
Sundry Debtors	10,000	20,000
Bank Balance	12000	8000
	102000	130000
Liabilities: Share capital	40,000	70,000
Reserves 12,000	10,000	
Long term loans	50,000	50,000
	1,02,000	1,30,000

7 Prepare the comparative balance sheet from the following balance sheet of Z Ltd.

Liabilities	2003	2004	Assets	2003	2004
Share capital	1,00,000	1,30,000	Fixed assets	4,10,000	4,70,000
Reserves	2,80,000	2,80,000	Investments	5,000	10,000
Loan	30,000	80,000	Current assets	65,000	1,10,000
Current liabilities	70,000	1,00,000			
	4,80,000	5,90,000		4,80,000	5,90,000

8 Prepare a Comparative Balance sheet.

Liabilities	1995	1996	Assets	1995	1996
Equity share capital	60,00,000	60,00,000	Fixed asset	90,00,000	1,08,00,000
Preference share capital	15,00,000	15,00,000	investment	15,00,000	15,00,000
Reserves & surplus	15,00,000	18,00,000	current assets	45,00,000	31,50,000
Secured loans	30,00,000	27,00,000			
Unsecured loans	15,00,000	13,20,000			
Provision for taxation	3,00,000	3,30,000			
	1,50 00,000	1,54,50,000		1,50,00,000	1,54,50,000

9 Prepare a common size income statement from the following income statement and give suitable comment.

Trading and profit and loss account As at 31st December 2000 and 2001					
Particulars	**2000**	**2001**	**Particulars**	**2000**	**2001**
Cost of goods sold	2,20,000	3,25,000	Net sale	2,50,000	3,50,000
Gross profit	30,000	25,000			
	2,50,000	3,50,000		2,50,000	3,50,000
Salaries	12,000	13,000	Gross Profit	30,000	25,000
Administrative expenses	1,000	500			
Advertisement	5,000	1,000			
Net profit	12,000	10,500			
	30,000	25,000		30,000	25,000

10 Mr. Arun Birla owns a business and gives the following figures for two successive years:

	Year I	Year II
Turnover	Rs.60,000	Rs. 1,20,000
Gross Profit	Rs.15,000	Rs. 24,000

Mr. Arun speaks very high of his manager, who has increased the profits from Rs. 15,000to Rs. 24,000 and describes him ‘dynamically successful’.
Do you agree with him? If not, why?

11 Mr. Atul owns a business and gives the following figure:

Particular	20 × 1 Rs.	20 × 2 Rs.
Sales 9,00,000	18,00,000	
Gross Profit	2,25,000	360,000
Current Assets	3,00,000	4,50,000
Current liabilities	150,000	250,000

He is of the opinion that his manager Rajeev is very efficient as there is an increase in profit from Rs. 2,25,000 to Rs. 36,000 by his effort again his current Assets are increasing from Rs. 3,00,000 to Rs. 4,50,000 where ac current liabilities are increasing only by Rs. 1,00,000 and thus his short term financial position is also becoming strong. Do you agree with him? State yes/No. Give reasons for your answer.

12 From the following information, Prepare a common size balance sheet and comment upon the changes:

Particulars	**31/03/2001**	**31/03/2002**
Fixed Assets	10,00,000	20,00,000
Inventories	8,20,000	12,60,000
Sundy Debtors	14,15,000	14,00,000
Cash at Bank	65,000	1,40,000
Share Capital	6,60,000	7,20,000
Reserves/Surplus	7,92,000	17,28,000
Debentures	5,00,000	4,00,000
Unsecured Loans	1,65,000	—
Creditors	9,00,000	16,52,000
Bills Payable	90,000	—
Provision for Tax	1,93,000	3,00,000

13 Following are the Balance Sheets of Madhu Ltd. as on 31/03/2002 and 31/03/2003

Liabilities	2002	2003	Assets	2002	2003
Equity share capital	9,60,000	20,00,000	Fixed Assets	43,52,000	55,00,000
Pref Share Capital	–	2,00,000	Investments	3,20,000	3,20,000
Reserves	13,80,000	19,10,000	Current Assets	17,28,000	21,80,000
Long Term Loans	16,00,000	16,00,000	Miscellaneous		
Unsecured Loans	5,00,000	5,00,000	Expenditure	1,00,000	1,50,000
Creditors	20,00,000	19,00,000			
O/s Expenses	60,000	40,000			
	65,00,000	81,50,000		65,00,000	81,50,000

You are required to prepare a common size balance sheet.

14 Prepare a common size income statement of paper Mill Ltd. from the following information:

(Rs. in Lakhs)		
	31/03/2002	**31/03/2003**
Sales	Rs. 25.00	Rs. 30.00
Indirect Expenses	3.00	3.30
Non Operating Expenses	0.96	0.96
Gain on sale of land	0.35	—
(Ans.)		
	2002	**2003**
COGS	64.2	62.5
G.P. 35.8	37.5	
In. Expenses	12	11
Op. Income (Profit)	23.8	26.5
Non. Op. Income	1.4	—
Non of Expenses	3.84	3.2
Net Income	21.36	23.3

15 Prepare a common size income statement of fine Fabrics Ltd. on the basis of the following particulars.

(Rs. in Lakhs)		
	31/03/2002	**31/03/2003**
Sales 16,00,000	20,00,000	
Gross Profit	35%	36%
Operating expenses	10%	of Gross Profit
Other Income	16,000	16,000
Tax Rate	40%	45%
(Ans.)		
	2002	2003
COGS	65%	64%
Op.Exp.	3.5%	3.6%
Op.Income	31.5%	32.4%
Non.Op. Income	1%	0.8%
Net Profit before tax	32.5%	33.2%
Tax 13%	14.94%	
Net Income after Tax	19.5%	18.26%

16 The following balances are supplied, on the basis of which you are required to show the major appropriate heads under which the items given below will appear in the Balance Sheet of Veekay Ltd. as on 31st March 2012.

		Rs.
(i)	Plant and Machinery	5,60,000
(ii)	Building	10,00,000
(iii)	Equity Share Capital (Authorised)	20,00,000
(iv)	Equity Shares of RS. 100 each RS. 70 called and paid up	14,00,000
(v)	10 % Debentures	55,000
(vi)	Discount on Issue of Shares	5,000
(vii)	Furniture and Fixtures	15,000
(viii)	Long-term Bank Loan (Secured)	1,25,000

17 Under which of the major heads will the following items be shown, while preparing the Balance sheet of a company, as per provisions of Companies Act, 1956, as contained is Schedule VI?

	Rs.
Preliminary Expenses	1,40,000
Discount on Issue of Debentures	10,000
10 % Debentures	1,90,000
Stock- in-trade	40,000
Cash at Bank	35,000
Bills Receivable	12,000
Good will	20,000
Loose Tools	12,000
Horses and Carts	22,000
Motor Truck	75,000
Provision for Taxation	6,000
Sundry Creditors	30,000

18 From the following information, prepare Comparative Balance Sheet of Y Ltd.

	31st March 2010 (Figures being in Lakh of (Rs.)	31st March 2010 (Figures being in Lakh of (Rs.)
Equity Share Capital	20	25
Investments	5	9
Long-term Loans	9	12
Current Assets	25	20
Current Liabilities	15	12
Reserves	36	40
Fixed Assets	50	60

19 Prepare a comparative income statement from the following data:

	2010 Rs.	2011 Rs.
Gross Sales	1,50,000	1,80,000
Less : Returns	3,000	6,000
	1,47,000	1,74,000
Less : Cost of Goods Sold	87,000	1,04,000
Gross profit	60,000	70,000
Less : Other Expenses	25,000	30,000
Net Profit	35,000	40,000

20 With the help of the following information prepare a comparative income statement of Gopal Ltd.

	1997	1998
Sales	Rs. 50,000	Rs. 80,000
Cost of Goods sold	60% of sales	70% of sales
Indirect Expenses	10% of Gross Profit	
Rate of Income Tax	50% of Net Profit before Tax	

21 Prepare a Comparative Income Statement from the following information

	2009 Rs.	2010 Rs.
Sales	10,00,000	12,50,000
Cost of Goods sold	5,00,000	6,50,000
Carriage Inwards	30,000	50,000
Operating Expenses	50,000	60,000
Income Tax	50%	50%

22 From the following data, prepare statement of profits in Comparative form:

	Year I	Year II
Sales	Rs. 8,00,000	Rs. 10,00,000
Gross Profit	32%	40%
Indirect Expenses	Rs. 56,000	Rs. 98,000
Income Tax Rate	45%	45%

23 From the following information, prepare a Comparative Balance sheet of Depth Ltd.

	31.3.1996 Rs.	31.3.1995 Rs.
Equity Share Capital	25,00,000	25,00,000
Fixed Assets	36,00,000	30,00,000
Reserves and Surplus	6,00,000	5,00,000
Investments	5,00,000	5,00,000
Long-term Loans	15,00,000	15,00,000
Current Assets	10,50,000	15,00,000
Current Liabilities	5,50,000	5,00,000

24 Following are the Balance sheets of Radha Ltd. as on 31.3.2011 and 31.3.2012:

Particulars	31.3.2011	31.3.1012
I. EQUITY AND LIABILITIES	Rs.	Rs.
Equity Share Capital	10,00,000	15,00,000
Reserves	10,00,000	10,00,000
Loan	2,00,000	8,00,000
Current Liabilities	3,00,000	5,00,000
TOTAL	25,00,000	38,00,000
II. ASSETS :		
Fixed Assets	20,00,000	30,00,000
Current Assets	5,00,000	8,00,000
TOTAL	25,00,000	38,00,000

25 Prepare a comparative income statement of Varun Ltd. with the help of the following information:

	2011 Rs.	2012 Rs.
Sales	2,00,000	4,00,000
Cost of Goods Sold	50% of Sales	60% of Sales
Indirect Expenses	15% of Gross Profit	
Rate of Income Tax	40% of Net Profit before Tax	

26 From the following data, prepare a Statement of Profits in the comparative form:

	31.3.2004 Rs.	31.3.2005 Rs.
Sales	6,00,000	8,00,000
Gross Profit Ratio	30%	40%
Administrative Expenses	40,000	1,00,000
Income Tax	50%	50%

27 Prepare a Comparative Income Statement with the help of the following information:

	2006 Rs.	2007 Rs.
Sales	20,00,000	30,00,000
Gross Profit	40%	30%
Indirect Expenses	50% of G. P.	40% of G. P.
Income Tax	50%	50%

28 From the information given below, prepare a Comparative Income Statement:

	31.3.2008	31.3.2009
Sales (Rs.)	2,00,000	3,50,000
Purchase (Rs.)	1,00,000	2,00,000
Cost of Goods Sold	60% of Sales	70% of Sales
Administrative Expenses	5% of Gross Profit	7% of Gross Profit
Income Tax	45%	45%

29 Prepare a Comparative Income Statement from the following information:

	31.3.2009 Rs.	31.3.2010 Rs.
Sales	40,000	50,000
Cost of Goods Sold	30,000	35,000
Wages Paid	16,000	14,000
Operating Expenses	2,500	3,000
Other Incomes	2,000	3,000
Income Tax	4,750	7,500

30 The following balance sheets relate to Modern Computers Ltd. convert these into common size balance sheet and interpret the same

BALANCE SHEETS as 31 st March

	2011	2012
	Rs.	Rs.
Equity and Liabilities :		
Equity Share Capital	3,00,000	3,00,000
Reserves and Surplus	4,36,000	6,50,000
Long-term Loans	2,00,000	2,50,000
Bills Payable	40,000	60,000
Sundry Creditors	2,00,000	2,25,000
Outstanding Expenses	24,000	15,000
	12,00,000	15,00,000
Assets :		
Land and Buildings	5,00,000	5,00,000
Plant and Machinery	1,96,000	3,10,000
Stock	2,58,000	3,69,000
Debtors	1,98,000	2,25,000
Cash	45,600	81,000
Bills Receivable	2,400	15,000
	12,00,000	15,00,000

31 Prepare a Common Size Income Statement from the following Income Statements:

	2010 Rs.	2011 Rs.
Net Sales	10,00,000	14,00,000
Cost of Goods Sold	6,50,000	8,40,000
Office and Administrative Exp.	80,000	1,40,000
Selling and Distribution Exp.	60,000	70,000

32 Convert the following Income Statements into Common Size Income Statement and interpret the changes in 2009:

INCOME STATEMENTS

	31st March 2008	31st March 2009
	Rs.	Rs.
Gross Sales	15,45,000	18,36,000
Less : Sales Returns	45,000	36,000
Net Sales	15,00,000	18,00,000
Less : Cost of Goods Sold	9,00,000	10,20,000
Gross Profit	6,00,000	7,80,000
Less : Operating Expenses :		
Administrative Expenses	1,20,000	1,72,500
Selling Expenses	3,20,000	3,01,500
Total Operating Expenses	4,40,000	4,74,000
Operating Income	1,60,000	3,06,000
Add : Non-operating Income	8,000	6,000
Total Income	1,68,000	3,12,000
Less : Non-operating Expenses	12,000	15,000
Net Profit	1,56,000	2,97,000

33 Prepare a Common Size Income Statement from the following information of X Ltd.

	31st March 2001 Rs.	31st March 2002 Rs.
Gross Sales	4,04,000	5,30,400
Returns	4,000	10,400
Gross Profit	1,20,000	1,66,400
Administrative Expenses	16,000	23,920
Selling Expenses	20,000	35,360
Non-Operating Incomes	1,000	1,200
Non-Operating Expenses	2,000	2,640
Tax Rate	35%	35%

34 From the following information prepare a Common Size Income Statement and give your comments:

	2009	2010	2011
	Rs.	Rs.	Rs.
Net Sales	20,00,000	18,00,000	25,00,000
Cost of Goods Sold	12,00,000	11,16,000	14,25,000
Operating Expenses	3,00,000	2,88,000	3,25,000
Non-Operating Expenses	80,000	80,000	80,000

35 Prepare a Common Size Balance Sheet of X Ltd. from the following information:

	31.3.2001	31.3.2002
Current Assets	22.80	28.80
Investments	1.20	1.80
Fixed Assets	36.00	41.40
Equity Share Capital	24.00	24.00
Preference Share Capital	6.00	6.00
Reserves & Surplus	7.20	12.00
Non-Current Liabilities (Loans)	12.00	12.60
Current Liabilities	8.40	12.60
Provisions	2.40	4.80

36 Following are the Balance sheets of Gopalsons Ltd. as on 31st March 2011 and 31st March 2012:

Particulars	31.3.2011	31.3.2012
1. EQUITY AND LIABILITIES	Rs.	Rs.
Share Capital	10,00,000	12,00,000
Reserves	3,00,000	3,00,000
Loans	4,60,000	6,20,000
Current Liabilities	7,40,000	8,80,000
TOTAL	25,00,000	30,00,000
II. ASSETS :		
Fixed Assets	20,00,000	23,00,000
Current Assets	5,00,000	7,00,000
TOTAL	25,00,000	30,00,000

37 You are given the following information:

	31.3.2001 Rs.	31.3.2002 Rs.
Gross Sales	60,36,000	65,91,000
Returns	36,000	91,000
Cost of Sales	43,39,200	44,49,250
Operating Expenses	9,15,600	9,64,600
Non-Operating Expenses	1,50,000	2,08,000

38 Prepare a Common Size Income Statement from the following:

	31.3.2010 Rs.	31.3.2011 Rs.
Sales	45,00,000	54,00,000
Cost of Goods Sold	30,80,700	36,35,000
Administrative and selling Exp	15% of G. P.	
Dividend Received	10,800	10,800
Loss on Sales of Machinery	–	40,000

39 Prepare a Common Size Income Statement of Fine Fabrics Ltd. on the basis of the following particulars:

	31.3.2010	31.3.2011
Sales	Rs. 16,00,000	Rs. 20,00,000
Gross Profit	35%	36%
Operating Expenses	10% of Gross Profit	
Other Income	Rs. 16,000	Rs. 16,000
Tax Rate	40%	45%

40 Prepare the Common Size Income Statement from the following information:

	31.3.2007 Rs.	31.3.2006 Rs.
Net Sales	1,00,000	1,00,000
Cost of Goods Sold	70% of Sales	74.8% of Sales
Operating Expenses	8,000	9,800
Income Tax Rate	50%	50%

41 Prepare the Common Size Income Statement from the following for the year ended 31st March 2007:

	Rs.
Sales	15,00,000
Cost of Goods Sold	8,00,000
Operating Expenses	2,10,000
Interest on Investments	60,000
Tax Payable @ 50%	

42 Current Ratio of a Company is 2:1. Which of the following suggestions would improve the ratio, which would reduce it and which would not change it?

(i) Purchase of goods on Credit.
(ii) Purchase of goods for Cash.
(iii) Sale of goods Costing Rs.50,000 for Rs.60,000 on Credit.
(iv) To sell a fixed asset at a slight loss.
(v) To borrow money on a promissory note (B/P).
(vi) To give promissory note to a Creditor.

43 Assuming that the current ratio is 1.5:1, state giving reasons, which of the following transactions would (i) improve, (ii) reduce, (iii) not alter the current ratio:-

(i) Realisation of current assets
(ii) Payment of current liabilities
(iii) B/R dishonoured
(iv) Sale of goods at par
(v) Sale of goods at profit
(vi) Sale of goods at loss
(vii) Purchase of goods for cash
(viii) Purchase of goods on credit of 3 months
(ix) Sale of furniture for cash
(x) Sale of machinery on a credit of 5 months
(xi) Sale of land on long-term deferred payment basis
(xii) Purchase of motor car for cash
(xiii) Purchase of a building on a credit of 4 months
(xiv) Purchase of a plot of land on long-term deferred payment basis.
(xv) Repayment of long-term loan which was availed from a bank.

(xvi) Issue of shares for Cash.

44 The Quick Ratio of a Company is 1.5 :1. State giving reasons which of the following transactions would (i) Improve; (ii) Reduce; (iii) Not change the Quick Ratio:

(a) Payment of Outstanding Liabilities.
(b) Purchase of goods for Cash.
(c) Purchase of goods on Credit of 2 months.
(d) Sale of goods Costing Rs.50,000 for Rs.50,000.
(e) Sale of goods Costing Rs.50,000 for Rs.45,000.
(f) Cash received from Debtors.

45 The following is the Balance Sheet of X Ltd. for the year ended 31st March, 2012:-

Particulars		Rs.
I. EQUITY AND LIABILITIES		
Share Capital		1,00,000
General Reserve	30,000	
Accumulated Profits	1,25,000	
	1,55,000	
Share Issue Expenses	(5,000)	1,50,000
Loans @10%		4,00,000
12% Debentures		2,00,000
Creditors		3,30,000
Provision for Taxation		70,000
TOTAL		12,50,000
II. ASSETS :		
Fixed Assets		7,00,000
Stock		2,00,000
Debtors		3,00,000
Cash		40,000
Prepaid Expenses		10,000
TOTAL		12,50,000

Calculate (i) Debt Equity Ratio; (ii) Total Assets to Debt Ratio; and (iii) Proprietary Ratio. Also give your comments.

46 Calculate (i) Debt Equity Ratio, (ii) Proprietary Ratio and (iii) Total Assets to Debt Ratio from the following information:

	Rs.
5% Debentures	15,00,000
Loan from ID BI	10,00,000
Sundry Creditors	11,00,000
Equity Share Capital	28,00,000
Reserves	12,00,000
Profit & Loss Account	4,00,000
Goodwill	6,00,000
Other Fixed Assets	46,00,000
Current Assets	28,00,000

47 Calculate Inventory Turnover Ratio and Average Age of Inventory from the following:-

Statement of Profit and Loss
For the year ended 31st March, 2012

Particulars			Amount
			Rs.
Revenue from Operation (Sales)		12,60,000	
Less : Returns		60,000	12,00,000
Less : Purchases	7,00,000		
Less : Returns	50,000	6,50,000	
Changes in Inventories			
(Opening Stock - Closing Stock)			
(1,25,000 - 1,55,000)		(-) 30,000	
Wages		1,48,000	
Manufacturing Expenses		72,000	8,40,000
Gross Profit			3,60,000

48

Sales	Rs. 7,00,000
Gross Profit	Rs. 1,40,000
Inventory Turnover Ratio	7 Times

Find out the value of Closing Stock, if Closing Stock is Rs.16,000 more than the Opening Stock

49 Determine the amount of sales from the following particulars.:-
Opening Stock Rs.40,000
Inventory Turnover Ratio 6 times
Gross Profit 20% of sales
You are informed that closing stock is two times in comparison to opening stock.

50 A company's stock turnover is 5 times. Stock at the end of the year is Rs.4,000 more than stock at the beginning of the year. Sales during the year (all credit) were Rs.3,00,000. Rate of Gross Profit is 25% on cost of goods sold. Current Liabilities at the end of the year were Rs.50,000. Quick Ratio is 1 : 1. Calculate:-
(i) Cost of goods sold.
(ii) Opening stock.
(iii) Closing stock.
(iv) Quick Assets.
(v) Current Assets at the end.

51 The Profit and Loss Statement of Empire Ltd. for the year ended 31st March, 2012 and the Balance Sheet of the Company as on 31st March, 2012 are given below:

Statement of Profit and Loss
For the year ended 31st March, 2012

Particulars		Amount
Revenue from Operations (Sales)		8,00,000
Less : Purchases	5,90,000	
Changes in Inventories		
(Opening Stock - Closing Stock) (44,000 - 60,000)	(-) 16,000	
Direct Expenses	50,000	6,24,000
		1,76,000
Gross Profit		
Less : Office Expenses	90,000	
Interest on Debentures	16,000	1,06,000
Net Profit		70,000

BALANCE SHEET
as at 31st March, 2012

Particulars	Rs.
I. EQUITY AND LIABILITIES	
Equity Share Capital	4,50,000
Reserve	1,20,000
Profit and Loss Balance	70,000
8% Debentures	2,00,000
Creditors	1,50,000
Outstanding Expenses	10,000
TOTAL	10,00,000
II. ASSETS :	
Plant	7,20,000
Stock	60,000
Debtors	1,75,000
Cash	25,000
Prepaid Expenses	20,000
TOTAL	10,00,000

On the basis of the informations given in these two statement, calculate any two of the following ratios : (I) Liquid Ratio, (ii) Stock Turnover Ratio, and (iii) Debt Equity Ratio. (iv) Interest Coverage Ratio

52 Calculate Debtors. Turnover Ratio and Average Collection Period from the following figures:-

	Rs.
Total Sales	10,00,000
Cash Sales	1,50,000
Sales Return	10,000
Opening Debtors	50,000
Opening B/R	10,000
Closing Debtors	60,000
Closing B/R	20,000

53 Credit sales of X Ltd. during 1985 were Rs. 5,64,000. If debtors. turnover ratio is 6 times, calculate debtors. in the beginning and at the end of the year. Debtors. at the end

were Rs. 10,000 more than that at the beginning of the year.

54 Calculate the amount of Opening Debtors. and Closing Debtors. from the following particulars.:

Cost of Goods Sold	:	Rs.9,00,000
Gross Profit on Sales	:	25%
Cash Sales	:	20% of Credit Sales
Debtors. Turnover Ratio	:	5 Times

Closing Debtors. were 3 times than that in the beginning.

55 Calculate Working Capital Turnover Ratio from the following:

	Rs.
Credit Sales	8,00,000
Cash Sales	12,60,000
Current Assets	7,20,000
Current Liabilities	3,24,000
Sales Returns	80,000

56 Calculate Working Capital Turnover Ratio from the following information:

	Rs.
Current Assets	8,60,000
Current Liabilities	3,40,000
Cost of Goods Sold	20,00,000
Gross Profit	30%of Cost

57 From the following Balance Sheet, calculate Working Capital Turnover Ratio:

BALANCE SHEET as at 31st March, 2012

Particulars	Rs.
I. EQUITY AND LIABILITIES	
Equity Share Capital	6,00,000
Preference Share Capital	4,00,000
General Reserve	1,00,000
Profit and Loss Balance	3,00,000
15% Debentures	2,00,000
14% Loan	2,00,000
Creditors	1,40,000
Bills Payable	50,000
Outstanding Expenses	10,000
TOTAL	20,00,000
II. ASSETS :	
Land and Building	5,00,000
Plant and Machinery	8,00,000
Motor Car	2,00,000
Furniture	1,00,000
Stock	1,80,000
Debtors	1,10,000
Bank	80,000
Cash	30,000
TOTAL	20,00,000

Sales for the year 2012 were Rs.30,00,000.

58 Following information is available for the year ending 31st March, 2008, calculate gross profit ratio:

	Rs.
Cash Sales	25,000
Credit Sales	75,000
Purchases : Cash	15,000
Credit	60,000
Carriage Inwards	2,000
Salaries	25,000
Decrease in Stock	10,000
Return Outwards	2,000
Wages	5,000

59 Given the following information:

	Rs.
Sales	3,40,000
Cost of Goods Sold	1,20,000
Selling Expenses	80,000
Administrative Expenses	40,000

Calculate Gross Profit Ratio and Operating Ratio.

60 Calculate Operating Ratio from the following information:-

	Rs.
Net Sales	5,40,000
Net Purchases	3,10,000
Opening Stock	75,000
Direct Expenses	32,000
Closing Stock	50,000
Selling Expenses	25,000
Distribution Expenses	15,000

61 Calculate operating ratio from the following:

	Rs.
Net sales	12,00,000
Credit Sales	8,00,000
Gross Profit	3,00,000
Office Expenses	80,000
Selling Expenses	40,000
Loss by Fire	20,000

62 Calculate Cost of Goods Sold from the following information:

	Rs.
Operating Ratio	90%
Office Exp.	30,000
Selling Exp.	20,000
Sales	7,00,000
Sales Return	40,000

63 Calculate (i) Operating Profit Ratio and (ii) Net Profit Ratio from the following:-

	Rs.
Sales	8,30,000
Return Inwards	30,000
Cost of Goods Sold	5,00,000
Office Expenses	40,000
Selling Expenses	18,000
Interest on Debentures	12,000
Loss by Accident	24,000
Interest received on Investments	10,000

64 Calculate Return on Investment from the following:-

	Rs.
Fixed Assets	2,00,000
Current Assets	1,50,000
Current Liabilities	50,000
Opening Stock	40,000
Closing Stock	60,000
Purchases	6,00,000
Carriage Inwards	15,000
Sales	7,00,000
Office Expenses	30,000
Interest on Debentures	12,000
Tax	7,000

65 Calculate any three of the following ratios with the help of the following information: (i) Operating Ratio, (ii) Current Ratio, (iii) Gross Profit Ratio, (iv) Stock Turnover Ratio; and (v) Debt Equity Ratio.
Information : Equity Share Capital Rs.5,00,000; 12% Debentures Rs.6,00,000; 9% Preference Share Capital Rs.3,00,000; General Reserve Rs.1,00,000; Sales Rs.10,00,000; Opening Stock Rs.80,000; Purchases Rs.6,00,000; Wages Rs.1,00,000; Closing Stock Rs.1,00,000; Selling and distribution expenses Rs.20,000; Other current assets Rs.5,00,000 and Current liabilities Rs.3,00,000.

66 Calculate Current Ratio and Quick Ratio from the following Balance Sheet:-

Particulars		Rs.
I. EQUITY AND LIABILITIES		
Equity Share Capital		7,00,000
General Reserve	3,00,000	
Reserve for Contingencies	1,00,000	
Profit & Loss Balance	60,000	
Preliminary Expenses	(28,000)	4,32,000
11%Mortagage Debentures		2,00,000
Income Tax Payable		50,000
Bills Payable		40,000
Sundry Creditors		3,70,000
Outstanding Expenses		20,000
TOTAL		18,12,000

II. ASSETS :	
Land and Buildings	3,40,000
Machinery and Equipment	2,50,000
Loose Tools	20,000
Patents	50,000
Stock	4,20,000
Sundry debtors	6,00,000
Bills Receivable	30,000
Cash	90,000
Prepaid Expenses	12,000
TOTAL	18,12,000

67 The Current Ratio of a Company is 3:1. State giving reasons which of the following suggestions would (i) improve; (ii) reduce; (iii) not change; the Current Ratio:-

(a) Payment of Creditors..

(b) Sale of goods costing Rs.20,000 for Rs.20,000 for Cash.

(c) Sale of goods costing Rs.20,000 for Rs.18,000 on Credit.

(d) Sale of goods costing Rs.20,000 at a profit of Rs.1,000.

(e) Purchase of goods on Credit.

(f) Purchase of goods for Cash.

(g) Purchase of machinery against long-term loan

68 Quick Ratio 2.2; Current Liabilities Rs.40,000; Inventory Rs.32,000. Calculate Current Assets.

69 The ratio of Current Assets (Rs.9,00,000) to Current Liabilities is 1.5 : 1. The accountant of this firm is interested in maintaining a Current Ratio of 2 : 1 by paying some part of Current Liabilities. You are required to suggest him the amount of Current Liabilities which must be paid for this purpose.

70 From the following, ascertain Debt-Equity Ratio and Proprietary Ratio:-

	Rs.
Equity Share Capital	20,00,000
General Reserve	10,00,000
Securities Premium	6,00,000
10% Debentures	3,00,000
Loan from Industrial Development Bank of India (I. D. B. I.)	12,00,000
Current Liabilities	10,00,000
Preliminary Expenses	80,000
Underwriting Commission	20,000
Fixed Assets	40,00,000
Current Assets	20,00,000

71 The following is the Balance Sheet of Rajhans Products Ltd. as on 31st March 2012:-

Particular	Rs.
I. EQUITY AND LIABILITIES	
Equity Share Capital	2,40,000
Capital Reserve	60,000
Profit and Loss Balance	80,000
15% Mortgage Loan	1,60,000
Sundry Creditors	1,20,000
TOTAL	6,60,000
II. ASSETS :	
Land & Building	2,20,000
Plant and Machinery	2,00,000
Goodwill	50,000
Stock-in-trade	90,000
Short term Investments	40,000
Cash & Bank Balance	1,20,000
Bank Overdraft	(60,000)
TOTAL	6,60,000

Net Profit after payment of interest and income tax amounted to Rs.60,000. Rate of Income Tax 50%. Calculate the following ratios and give your comments:-
(i) Current Ratio;
(ii) Proprietary Ratio;
(iii) Total Assets to Debt Ratio.
(iv) Interest Coverage Ratio.

72 Following is the Balance Sheet of XY Ltd. as on 31st March 2012:-

Particulars		Rs.
I. EQUITY AND LIABILITIES		
Equity Share Capital		2,50,000
Capital Reserve	70,000	
Profit & Loss Balance	35,000	
	1,05,000	
Share Issue Expenses	(5,000)	1,00,000
12% Mortgage Loan		1,00,000
Creditors		50,000
TOTAL		5,00,000
II. ASSETS :		
Land & Buildings		2,50,000
Plant and Machinery		1,00,000
Stock		1,20,000
Debtors		30,000
B/R		6,000
Cash		14,000
Bank Overdraft		(20,000)
TOTAL		5,00,000

Other Information:-
Annual sales Rs.8,00,000
Percentage of Gross Profit on sales 20%
Calculate (a) Inventory Turnover Ratio; (b) Debtors. Turnover Ratio; and (c) Working Capital Turnover Ratio.

73 From the following details, calculate Stock Turnover Ratio:-

Annual Sales	Rs. 2,00,000
Gross Profit Rate	25% on Cost
Stock : Opening	Rs. 38,500
Closing	Rs. 41,500

74 From the following data, calculate stock Turnover Ratio:-
Total sales Rs.4,00,000; Sales Returns Rs.34,000; Gross Profit Rs.80,000; Closing Stock Rs.52,000 ; Excess of Closing Stock over Opening Stock Rs.16,000.

75 Following figures have been extracted from Shivalika Mills Ltd:-
Stock in the beginning of the year Rs.60,000
Stock at the end of the year Rs.1,00,000
Stock turnover ratio 8 times
Selling Price 25% above cost
Compute the amount of gross profit and sales.

76 Following are the details available:-

Annual Sales	Rs. 2,00,000
Gross Profit Rate	25% on Cost
Stock : Opening	Rs. 38,500
Closing	Rs. 41,500

If the closing stock is more by Rs.4,000 than opening stock, determine the following:-
(i) Opening stock
(ii) Liquid Ratio.

77 From the following information, calculate Debtors. Turnover Ratio:-

	Rs.
Opening Debtors	37,000
Closing Debtors	43,000
Sales	6,00,000
Cash Sales	80,000

78 Calculate the amount of Opening Debtors. and Closing Debtors. from the following:-

Debtors Turnover Ratio	10 times
Cost of Goods sold	Rs. 7,00,000
G. P. Ratio	30% of sales

You are informed that Closing Debtors. were three times than that in the beginning .
Cash Sales being 25% of Credit Sales.

79 From the following particulars. determine the Closing Debtors.:-

	Rs..
Total Sales	24,00,000
Cash Sales	4,60,000
Sales Returns (Out of credit sales)	20,000
Opening Turnover Ratio	6 Times
Opening Debtors.	2,50,000
Opening B/R	14,000
Closing B/R	12,000

80 From the following Balance Sheet and other information, calculate any three of the following ratios:-
(i) Debt-Equity Ratio,
(ii) Proprietary Ratio,

(iii) Total Assets to Debt Ratio,
(iv) Working Capital Turnover Ratio, and
(v) Debtors. Turnover Ratio.

BALANCE SHEET
As on 31-3-2012

Particulars		Rs.
I. EQUITY AND LIABILITIES		
Share Capital		1,00,000
General Reserve	40,000	
Profit & Loss Balance	60,000	
Preliminary Expenses	(10,000)	90,000
Loan @ 15%		1,20,000
Creditors		40,000
Bills Payable		10,000
	TOTAL	3,60,000
II. ASSETS :		
Fixed Assets		1,80,000
Stock		40,000
Debtors		70,000
Bills Receivable		20,000
Cash		50,000
	TOTAL	3,60,000

Other Information:-
Sales during the year amounted to Rs.1,80,000.

81 Following is the Balance Sheet of A Ltd. as on 31.3.2012:-

Particulars	Rs.
I. EQUITY AND LIABILITIES	
Equity Share Capital	3,00,000
10% Debentures	1,00,000
Reserves	1,00,000
Creditors	60,000
TOTAL	5,60,000
II. ASSETS :	
Building	3,00,000
Machinery	80,000
Stock	44,000
Debtors	1,20,000
Cash	36,000
Bank Overdraft	(20,000)
TOTAL	5,60,000

You are required to calculate:-
(a) Working Capital Ratio; (b) Debt Equity Ratio; and (c) Debtors. Turnover Ratio if credit sales are Rs.7,20,000.

82 Calculate G.P. Ratio from the following:-

	Rs.
Credit Sales	6,00,000
Cash Sales (Being 25% of Total Sales)	
Purchases	6,90,000
Excess of Closing Stock over Opening Stock	50,000

83 From the following informations calculate:
(i) Current Ratio,
(ii) Quick Ratio,
(iii) Operating Ratio, and
(iv) Gross Profit Ratio

	Rs.		Rs.
Current	70,000	Operating Expenses	40,000
Current Liabilities	35,000	Sales	1,20,000
Stock	30,000	Cost of goods sold	60,000

84 Calculate (I) G.P. Ratio; (II) Operating Ratio (III) Operating Profit Ratio; and (IV) N.P. Ratio from the following:-

Statement of Profit and Loss
For the year ended 31st March, 2012

Particulars			Amount
			Rs.
Revenue from Operations (Sales)			1,60,000
Add : Income from Investments			3,200
Compensation for acquisition of Land			2,400
Total Revenue			1,65,600
Less : Cost of Goods Sold		1,08,000	
Office Expenses		22,800	
Selling Expenses		4,000	
Finance Expenses :			
Discounts	200		
Bad-Debts	1,000		
Interest on Debentures		1,200	
Loss by		500	
Net Profit		300	1,36,800
			28,800

85 From the following data, calculate:-
(i) Gross Profit Ratio;
(ii) Operating Ratio;
(iii) Net Profit Ratio;
(iv) Inventory turnover Ratio; and
(v) Current Ratio.

	Rs.		Rs.
Sales	25,20,000	Fixed Assets	14,40,000
Cost of Sales	19,20,000	Net Worth	15,00,000
Operating Expenses	2,40,000	Debt (Long-Term)	9,00,000
Average Inventory	8,00,000	Current Liabilities	6,00,000
Other Current Assets	7,60,000		

86 The following is the Balance Sheet of Arvind Mills Ltd. as on 31st March, 2012:-

Particulars		Rs.
I. EQUITY AND LIABILITIES		
Equity Share Capital		5,00,000
10% Preference Share Capital		1,00,000
Reserve Fund		4,00,000
12% Debentures		7,00,000
Sundry Creditors		60,000
Bills Payable		1,00,000
Outstanding Expenses		10,000
Tax Provision		1,30,000
TOTAL		20,00,000
II. ASSETS :		
Fixed Assets	18,00,000	
Less : Depreciation	5,00,000	13,00,000
Stock		3,00,000
Book Debts (Debtors)		2,00,000
Bank		50,000
Short-term Investments		1,50,000
TOTAL		20,00,000

Other information supplied is as follows :-

	Rs.
(a) Net Sales	30,00,000
(b) Cost of Goods Sold	25,80,000
(c) Operating Exp.	2,20,000

You are required to calculate :- (i) Quick Ratio; (ii) Total Assets to Debt Ratio; (iii) Current Ratio; (iv) Gross Profit Ratio; (v) Operating Ratio; and (vi) Net Profit Ratio.

87 Calculate Operating Profit Ratio and Operating Ratio from the following:-
Cash Sales Rs.2,00,000; Credit Sales Rs.1,30,000; Sales Return Rs.10,000; Cost of Goods sold Rs.1,80,000; Office and Administration Expenses Rs.40,000; Selling Expenses Rs.36,000; Interest on Debentures Rs.23,000.

88 From the following information, calculate Stock Turnover Ratio, Operating Ratio and Working Capital Turnover Ratio:-

	Rs.
Opening Stock	56,000
Closing Stock	44,000
Purchases	92,000
Sales	1,80,000
Sales Returns	20,000
Carriage Inwards	8,000
Office Expenses	8,000
Selling & Distribution Expenses	4,000
Fixed Assets	70,000
Current Assets	60,000
Current Liabilities	20,000

89 The following is the Statement of Profit and Loss and the Balance Sheet of New Company Limited for the year ending 31st March, 2012:-

Statement of Profit and Loss
For the year ended 31st March, 2012

Particulars		Amount
		Rs.
Revenue from Operations (Sales)		4,00,400
Less : Purchases	2,52,200	
Changes in Inventories		
(Opening Stock - Closing Stock) (61,000 - 78,000)	(-) 17,400	
Carriage Inwards	1,600	
Wages	4,000	2,40,400
Gross Profit		1,60,000
Add : Non-Operating Income		4,800
		1,64,800
Less : Administrative Expenses	80,800	
Selling and Distribution Expenses	9,600	
Finance Expenses (Interest on Debentures)	5,600	
Non-Operating Expenses	1;600	97,600
Net Profit		67,200

BALANCE SHEET
As at 31st March, 2012

Particulars	Rs.
I. EQUITY AND LIABILITIES	
Equity Share Capital	2,00,000
Preference Share Capital	40,000
General Reserves	4,800
Profit and Loss Balance	67,200
14% Debentures	40,000
Creditors	12,000
TOTAL	3,64,000
II. ASSETS :	
Lands and Building	2,00,000
Plant and Machinery	40,00
Stock	78,400
Sundry Debtors	36,000
Bank	10,000
Cash	2,000
Bank Overdraft	(2,800)
TOTAL	3,64,000

Calculate the following ratios and indicate the purpose which they serve :-
(i) Gross Profit Ratio;
(ii) Operating Ratio;
(iii) Liquid Ratio;
(iv) Proprietary Ratio;
(v) Working Capital Turnover Ratio.

90 From the following data, calculate:-
(i) Gross Profit Ratio,
(ii) Net Profit Ratio
(iii) Working Capital Turnover Ratio,
(iv) Debt- Equity Ratio,
(v) Proprietary Ratio.

	Rs.
Net Sales	30,00,000
Cost of Sales	20,00,000
Net Profit	3,00,000
Fixed Assets	6,50,000
Current Assets	6,00,000
Current Liabilities	2,00,000
Paid-up Share Capital	5,00,000
Debentures	2,50,000

91 The following information is given about a company:-

	Rs.
Sales	1,50,000
Gross Profit	30,000
Operating Exp.	7,500
Opening Stock	29,000
Closing Stock	31,000
Debtors	14,000
Bills Receivable	2,000
Net Fixed Assets	1,10,000

From the above information, calculate the following ratios:-
(i) Gross Profit Ratio.
(ii) Operating Ratio.
(iii) Stock Turnover Ratio.
(iv) Debtors. Turnover Ratio.

92 The following is the Balance Sheet of X Ltd. as on 31st March, 2012:-

Particulars	Rs.
I. EQUITY AND LIABILITIES	
Equity Share Capital	2,00,000
Reserves	90,000
Profit for the year	60,000
Trade Creditors	1,00,000
TOTAL	4,50,000
II. ASSETS :	
Land and Buildings	1,50,000
Plant and Machinery	80,000
Stock	1,40,000
Debtors	80,000
Cash	30,000
Bank Overdraft	(30,000)
TOTAL	4,50,000

Calculate:- (i) Quick ratio; and (ii) Return on Investment.

93 Given below is the Statement of Profit & Loss and Balance Sheet of a business:

Statement of Profit and Loss
For the ended 31st March, 2012

Particulars		Amount
		Rs.
Revenue from Operations (Sales)		
Cash	12,12,000	
Credit	4,38,000	16,50,000
	12,80,000	
Less : Purchases		
Changes in Inventories		
(Opening Stock - Closing Stock) (40,000 - 50,000)	(-) 10,000	
Manufacturing Expenses	1,30,000	14,00,000
Gross Profit		2,50,000
Add: Non - Operating Incomes		10,000
		2,60,000
Less : Salaries	45,000	
Rent	30,000	
Advertisement	6,000	
Discount	3,000	
Interest on Bills Payable	1,000	
Provision for Taxation	10,000	
Financial Expenses (Interest on Debentures)	12,000	
Other Non-Operating Expenses	3,000	1,10,000
Net Profit		1,50,000

BALANCE SHEET as at 31st March, 2012

Particulars		
I. EQUITY AND LIABILITIES		Rs.
Share Capital		4,00,000
Reserve and Surplus	2,25,000	
Share Issue Expenses	(20,000)	
Underwriting Commission	(5,000)	2,00,000
12% Debentures		1,00,000
Trade Creditors		35,000
Bills Payable		20,000
Outstanding Expenses		5,000
Provision for Taxation		30,000
TOTAL		7,90,000
II. ASSETS :		
Building		2,00,000
Plant		4,50,000
Debtors		25,000
Bills Receivable		5,000
Stock		50,000
Cash		60,000
Prepaid Expenses		10,000
Bank Overdraft		(10,000)
TOTAL		7,90,000

Calculate the following ratios:-
(i) Operating Ratio;
(ii) Working Capital Turnover Ratio;
(iii) Inventory Turnover Ratio;
(iv) Debtors. Turnover Ratio;

	(v) Proprietary Ratio; (vi) Quick Ratio; (vii) Total Assets to Debt Ratio and (viii) Interest Coverage Ratio.
94	With the help of the given information, calculate any three of the following ratios: (i) Operating ratio, (ii) Quick ratio, (iii) Working Capital turnover ratio, and (iv) Debt equity ratio. Information : Equity Share Capital Rs.50,000; 12% Preference Share Capital Rs.40,000; 12% Debentures Rs.30,000; General Reserve Rs.40,000; Sales Rs.3,00,000; Opening Stock Rs.20,000; Purchases Rs.1,40,000; Wages Rs.30,000; Closing Stock Rs.40,000; Selling and distribution expenses Rs.18,000; Other Current Assets Rs.1,00,000 and Current Liabilities Rs.60,000.
95	On the basis of the following information, calculate any two of the following ratios: (a) Operating Ratio (b) Liquid Ratio (c) Proprietary Ratio Information: Cash Sales Rs.4,00,000; Credit Sales Rs.2,75,000; Sales Returns Rs.27,000; Cost of Goods Sold Rs.3,90,000; Selling and Distribution Expenses Rs.7,000; Administration Expenses Rs.3,000; Current Liabilities Rs.1,95,000; Current Assets Rs.3,94,000; Closing Stock Rs.23,000; Equity Share Capital Rs.4,37,000; 6% Preference Share Capital Rs.1,74,000; Fixed Assets Rs.4,30,000.
96	The current ratio of a company is 2 : 1. State which of the following would improve, reduce or not change the ratio: (i) Repayment of a current liability. (ii) Purchasing goods on credit. (iii) Sale of motor vehicle at a profit of 10%. (iv) Sale of goods at a profit of 10% (v) Payment of dividend. (vi) Redemption of debentures at a premium.