

**Dr. Babasaheb Ambedkar Open University**  
**Term End Examination January – 2018**

**Course** : DAA  
**Subject Code** : DAA-02  
**Subject Name** : Analytical Accounting

**Date** : 21/01/2018  
**Time** : 3:00pm to 6:00pm  
**Duration** : 3 Hours  
**Max. Marks** : 70

**Q-1** Describe the utility of fund flow statement. **(14)**

**OR**

Define fund and describe the concept of fund flow statement

**Q-2** The balance sheets of Khushvi Ltd as on 31-3-2016 and 31-3-2017 are given below.  
 Prepare Cash flow statement: **(14)**

<b>Liabilities</b>	<b>31-3-16 Rs.</b>	<b>31-3-17 Rs.</b>	<b>Assets</b>	<b>31-3-16 Rs.</b>	<b>31-3-17 Rs.</b>
Share Capital	3,00,000	4,00,000	Fixed Assets at cost	8,00,000	9,50,000
Capital Reserve	-	10,000	Less: Depreciation	<u>2,30,000</u>	<u>2,90,000</u>
General Reserve	1,70,000	2,00,000		<b>5,70,000</b>	<b>6,60,000</b>
P & L A/c	60,000	75,000	Investments	1,00,000	70,000
Debentures	2,00,000	1,40,000	Current Asset	2,70,000	3,10,000
Current Liabilities	1,20,000	1,30,000	Cash Balance	10,000	30,000
Provision for Revenue			Preliminary expenses	20,000	10,000
Tax	90,000	85,000			
Proposed Dividend	30,000	36,000			
Unpaid Dividend		4,000			
	<b>9,70,000</b>	<b>10,80,000</b>		<b>9,70,000</b>	<b>10,80,000</b>

**During the year 2016-2017 body corporate:-**

- Sold one machine for Rs. 24,000 the cost of which was Rs. 50,000 and the depreciation provided on it was Rs. 21
- Provided Rs. 95,000 as depreciation.
- Redeemed 10% of December at Rs. 103.
- Sold some trade investments at a profit which was credited to capital reserve.
- Decided value stock-cost at whereas previously the practice was to value stock at cost less 10% the stock according to books on 31-3-2016 was Rs. 54,000 the stock 31-3-2017 was correctly valued at cost Rs. 75,000.
- Write off fixed assets costing Rs. 14,000 which is fully depreciated.

**OR**

Prepare a cash flow statement after taking into account the balance sheets and additional information given for Suraj Ltd below all the calculations done by you are to be shown as part of your answer.

<b>Liabilities</b>	<b>31-3-16 Rs.</b>	<b>31-3-17 Rs.</b>	<b>Assets</b>	<b>31-3-16 Rs.</b>	<b>31-3-17 Rs.</b>
Equ. Share Capital	2,00,000	2,51,000	Goodwill	30,000	27,000
Share Premium	10,000	15,000	Land & Building	90,000	1,40,000

General Reserve	35,000	40,000	Machinery	1,30,000	1,50,000
P & L A/c	25,000	90,000	Patents	50,000	45,000
6% Debentures	1,00,000	1,00,000	Furniture & Fixtures	15,000	13,500
Creditors	30,000	40,000	Sundry Debtors	45,000	70,000
Provision for Taxation	18,000	15,000	Cash & Bank Balance	5,800	8,000
			Stock	50,000	96,000
			Debenture Discount	1,200	1,000
			Preliminary Expenses	1,000	500
	<b>4,18,000</b>	<b>5,51,000</b>		<b>4,18,000</b>	<b>5,51,000</b>

**Additional Information:-**

1. Depreciation written off : Land & Buildings Rs.9,000, machinery Rs.13,000, Patents Rs.5,000, furniture & Fixture Rs.1,500.
2. During the machinery of Rs.20,000 was sold at Rs.15,000.
3. During the year taxes and dividend paid were Rs.8,000 and 20,000 receptively.

**Q-3** The following are the summarized balance sheets of Rehan Ltd for two years. You required to rearrange it in the form suitable for computing ratio: **(14)**

**Balance Sheet**

<b>Liabilities</b>	<b>2016 Rs.</b>	<b>2017 Rs.</b>	<b>Assets</b>	<b>2016 Rs.</b>	<b>2017 Rs.</b>
Equ. Share of Rs. 100 each	1,00,000	1,50,000	Fixed Assets		
8% pref. shares of Rs. 100 each	50,000	50,000	Less : Depreciation	3,50,000	4,90,000
Reserves	2,00,000	1,50,000	Current Assets:		
6% Debentures	1,00,000	1,00,000	Stock	1,60,000	60,000
Current Liabilities	90,000	1,20,000	Debtors	40,000	35,000
Bank Overdraft	20,000	20,000	Cash	10,000	5,000
	<b>5,60,000</b>	<b>5,90,000</b>		<b>5,60,000</b>	<b>5,90,000</b>

From the above information you are required to calculate the following ratio and comment on the financial position of body corporate.

1. Current Ratio
2. Liquid Ratio
3. Acid test Ratio
4. Proprietary Ratio
5. Long Term funds to Fixed Assets Ratio

**OR**

The information given below is taken the financial records of two body corporate engaged in the same industry. from the following information find following ratios for the year ending 2017.

	<b>Riddhi Ltd Rs.</b>	<b>Siddhi Ltd Rs.</b>
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Total Sales (Out of Which 20% are Cash Sales)	6,40,000	6,40,000
Cost of Goods Sold	4,48,000	4,16,000
Net Profit (after 50% Revenue tax)	32,000	51,200
Equity Share Capital	3,00,000	2,60,000
Retained Earning	49,600	1,32,000
15% Debentures	1,60,000	1,32,000
Sundry Creditors	70,000	1,00,000
Bank Overdraft	18,000	40,000
Fixed Assets	3,20,000	3,10,000
Stock	64,000	1,60,000
Debtors	80,000	72,000
Cash	32,000	20,000
Preliminary Expenses	1,600	2,400

From the above information, calculate the following accounting ratios for the both body corporate and make brief comment on each of them,

1. Current Ratio
2. Debtor's Ratio (360 days for the year)
3. Operating Ratio
4. Rate of Return on shareholder's funds
5. Rate of Return on total capital employed.

**Q-4** Explain the Utility and Limitations of cash flow statements **(14)**

**OR**

Write on Difference between cash flow and fund flow statement.

**Q-5** Write short note (any two) **(14)**

1. Explain the utility of Ratio analysis.
  2. Write on Limitations of Ratio Analysis.
  3. Explain various composite ratio in detail.
  4. Explain various Balance sheet ratio in detail.
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