

**Q.1 Complete** the Balance sheet for X Engineering co. from the following particulars –

Sales - ₹ 16,00,000	Current Ratio- 2.9 : 1
Sales to Net Worth- 2.3 : 1	Sales to closing Inventory -4.5 : 1
Current Liabilities to Net Worth- 42%	Average Collection Period- 64 days
Total Liabilities to Net Worth- 75%	

**Proforma Balance Sheet**

Liabilities	₹	Assets	₹
Net Worth	?	Fixed Assets	?
Long Term Liabilities	?	Cash	?
Current Liabilities	?	Stock	?
		Sundry Debtors	?

(10 Marks)

**Q.2** The Balance Sheet of X Limited, as on 31<sup>st</sup> March 2020 is as follow: -

Liabilities	₹ '000	Assets	₹ '000
Equity share capital	6,000	Fixed assets(at cost)	16,250
8% preference share capital	3,250	Less: Depreciation written off	(5,200)
Reserves and surplus	1,400	Stock	1,950
10% debentures	1,950	Sundry debtors	2,600
Sundry creditors	3,250	Cash	250
	<b>15,850</b>		<b>15,850</b>

The following **additional information** is available: -

- Stock Turnover Ratio based on Cost of Goods Sold would be 6 times.
- Cost of Fixed Assets to Sales ratio would be 1.4.
- Fixed Assets costing ₹ 30,00,000 to be installed on 01.04.2020 payment would be made on 31.03.2021.
- In March, 2021, dividend of 7% on Equity Capital would be paid.
- ₹ 5,50,000, 11% Debentures would be issued on 1<sup>st</sup> April, 2020.
- ₹ 30,00,000, Equity Shares would be issued on 31<sup>st</sup> March, 2021.
- Creditors would be 25% of the material consumed and Debtors would be 10% of sales.
- The COGS would be 90% of sales, which include material 40% and depreciation 5% of sales.
- Profit is subject to Debenture Interest and Taxation at 30%.

You are **required**: -

- Compute projected sales for next year ended on 31<sup>st</sup> March, 2021.
- Prepare the projected profit and loss statement for the year ended on 31<sup>st</sup> March, 2021.
- Prepare the projected Balance Sheet as on 31<sup>st</sup> March, 2021.

(10 Marks)

**Q.3** From the following details **compute** capital employed in vertical form showing as much details of working capital as possible: -

Year	2020	2021	Year	2020	2021
Current Ratio	2.50	1.80	Bank Overdraft (₹)	80,000	1,20,000
Liquid Ratio	1.20	0.60	Working Capital (₹)	2,25,000	2,40,000
Fixed assets to proprietary fund	0.70	0.80			

**Comment** on the utilization of funds in 2021 as compared to 2020.

(10 Marks)