

- Instructions :** (1) This paper contains **FIVE** questions.
 (2) All questions are compulsory.
 (3) Question No. **2, 3, 4** have internal options.
 (4) Figures in the right side in parenthesis indicate marks.

Q:1 What is Dividend? Explain different types of dividend. **(14)**

Q:2 The balance sheet of Punjab Auto Limited as on 31-12-2002 was as follows: **(14)**
 From the below compute:

- | | |
|------------------------|-----------------------|
| i. Current ratio | ii. Quick ratio |
| iii. Debt-Equity ratio | iv. Proprietary ratio |

Particular	Rs.	Particular	Rs.
Equity Share Capital	40,000	Plant and Machinery	24,000
Capital Reserve	8,000	Land and Buildings	40,000
8% Loan on Mortgage	32,000	Furniture & Fixtures	16,000
Creditors	16,000	Stock	12,000
Bank overdraft	4,000	Debtors	12,000
Taxation:		Investments (Short-term)	4,000
Current	4,000	Cash in hand	12,000
Future	4,000		
Profit and Loss A/c	12,000		
	1,20,000		1,20,000

OR

Q:2 .The following Trading and Profit and Loss Account of Fantasy Ltd. For the year **(14)**
 31-3-2000 is given below. Calculate : Gross Profit Ratio, Expenses Ratio, Operating Ratio, Net Profit Ratio, Operating Ratio, Stock Turnover Ratio.

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Particular	Rs.	Particular	Rs.
To opening stock	76,250	By Sales	5,00,000
“ Purchases	3,15,250	“Closing stock	98,500
“Carriage and Freight	2,000		
“Wages	5,000		
Gross Profit b/d	2,00,000		
	5,98,500		5,98,500
To Administration expenses	1,01,000	By Gross Profit b/d	2,00,000
“Selling and Dist. Expenses	12,000	“Non-operating incomes:	
“Non-operating expenses	2,000	“Interest on Securities	1,500
“ Financial Expenses	7,000	“Dividend on shares	3,750
Net Profit c/d	84,000	“Profit on sale of shares	750
	2,06,000		2,06,000

Q:3 Differentiate between Amalgamation in Nature of Merger and in Nature of Purchase. (14)

OR

Q:3 Explain CAMEL Analysis. (14)

Q:4 Define Company and explain salient features of a company. (14)

OR

Q:4 X Limited and Y Limited agreed amalgamate by transferring their undertaking to a new company Z Company Limited formed for the purpose on the date of amalgamation balance shlims of the company were as under: (14)

Liabilities	X Co.₹	Y Co.₹	Assets	X Co.₹	Y Co.₹
Equity share capital shares of ₹10 each	500000	300000	Sundry assets	480000	322000
			Freehold property	200000	100000
5% debentures	200000	100000	Investments	50000	20000
Reserve fund	-	50000	Debtors	250000	150000
Profit and loss account	30000	20000	Preliminary expenses	20000	8000
Mortgage Loan	50000	-			
Sundry creditors	220000	130000			
	1000000	600000		1000000	600000

The purchase considerations consisted of:

1. Discharge of debenture in X company limited and Y company limited by the issue of equivalent amount of 6% in Z Limited.

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2. The assumptions of liabilities of the companies.
3. Issue of share at a premium of rupees 2 per share of equity shares at ₹10 each in Z Limited.

For the purpose of amalgamation, the assets are to revealed as under:

Particulars	X Co.₹	Y Co.₹
Goodwill	100000	75000
Sundry assets	410000	280000
Freehold property	260000	140000
Investments	51000	20000
Debtors	225000	135000

Give opening journal entries in the books of new company and also balance sheet.

Q:5 Who are the different users of financial statements?

(14)
