**INDIAN SCHOOL AL WADI AL KABIR**

**DEPARTMENT OF COMMERCE**

**HOLIDAY HOMEWORK-XII**

**Project work in all the subjects i.e. Accountancy, Business studies and Entrepreneurship has to be completed as part of the Holiday homework. A rough draft of the project has to be submitted immediately on the reopening date.**

**Along with the project work the following practice papers/questions of previous years board examinations have to be completed.**

**ACCOUNTS**

PRACTISE PAPER- 1

1. Give 2 areas of interest for investors while analyzing the financial statements.
2. State any two tools of financial analysis.
3. State any two names of efficiency ratios.
4. State the objective of calculating long term solvency ratios.
5. How is ratio analysis useful to an organization?
6. Define Cash equivalents.
7. Give two examples of cash flows from operating activities.
8. When interim dividend is paid considered as operating activity.
9. Which basic concept is ignored while preparing cash flow statement?
10. Sale of marketable securities is inflow, outflow or no flow of cash.
11. State any three limitations of financial analysis.
12. State any three uses of cash flow statement.
13. If current ratio is 4.5:1 and acid test ratio is 3:1. If the closing inventory is 21,600, find out its total current assets, total current liabilities and quick assets.
14. The quick ratio of the company is 2:1. State giving reasons whether the following transactions will increase, decrease or not alter the debt equity ratio.
15. Repayment of mortgage loan.
16. Sale of fixed assets at loss for cash.
17. Issue of bonus shares.
18. Inventory turnover ratio is 3 times, Revenue from operations is 1,80,000, Opening stock is 2,000 more than closing stock. Calculate opening stock and closing stock, when goods are sold at 20% profit on cost of revenue from opearations**.**

1. From the following information calculate Working capital turnover ratio and Return on investment:

Equity share capital 5,50,000; General reserve 50,000; Profit & loss account after tax and interest 1,50,000; 9% Debentures 2,00,000; Creditors 1,00,000; Land and Building 6,50,000; Equipments 1,50,000; Debtors 1,45,000; Cash 55,000; Preliminary expenses 50,000; Tax rate is 50%; Revenue from operations is 15,00,000.

1. Opening trade receivables 2, 40,000; Closing trade receivables 3, 60,000; Cash collected from trade receivables 10, 68,000; Discount allowed 12,000; Bad debts 20,000. Calculate Trade Receivables Turnover Ratio.
2. Calculate Gross profit ratio, Operating ratio, Debt equity ratio and Quick ratio:

Revenue from operations 3,60,000; Opening inventory 18,000; Purchases 1,53,000; Carriage inward 3,000; Closing inventory 30,000; 12% Debentures 90,000; Securities Premium 30,000; 9% Preference Share capital 60,000; Equity share capital 1,80,000, Current liabilities 1,08,000; Trade receivables 90,000; 13% Term loan 45,000; Employee benefit expenses 36,000.

1. Prepare Common Sized Balance Sheet from the following information:

|  |  |
| --- | --- |
| PARTICULARS | 2015 |
| Share capital | 12,00,000 |
| P& L Account | 1,00,000 |
| 10% Debentures | 4,00,000 |
| Trade payables | 2,00,000 |
| Plant and Machine | 13,00,000 |
| Trademarks | 3,00,000 |
| Inventories | 3,00,000 |

1. Prepare a comparative statement of Profit & loss:

|  |  |  |  |
| --- | --- | --- | --- |
| PARTICULARS | NOTE NO | 2014-15 | 2013-14 |
| Revenue from operations |  | 8,00,000 | 6,00,000 |
| Other incomes |  | 40,000 | 50,000 |
| Expenses |  | 5,40,000 | 4,50,000 |

Tax rate is 40%.

1. Calculate cash flows from financing activities from the following information:

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **2014** | **2015** |
| Equity Share Capital | 20,00,000 | 30,00,000 |
| 10% Preference Share Capital | 2,00,000 | 1,00,000 |
| Securities Premium | 90,000 | 1,00,000 |
| 10% Debentures | 9,00,000 | 11,00,000 |
| Underwriting Commission | 10,000 | 50,000 |
| Proposed dividend | 40000 | 50000 |

Additional Information:

Preference Shares were redeemed @ premium of 8% on 31/3/2015. New debentures were issued on 1/4/2014.

1. Calculate Cash flows from investing activities from the following information:

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **31/03/2013** | **31/03/2014** |
| Profit & loss A/c | 1,00,000 | 4,00,000 |
| Machine | 8,50,000 | 9,30,000 |
| Provision for depreciation | 4,25,000 | 4,40,000 |
| Non current investments | 2,00,000 | 1,50,000 |
| Goodwill | 40000 | 30000 |
| Patents | 50000 | 70000 |

Additional information:

A machine costing 80000(book value 20,000) was sold for 70,000.

1. Prepare Cash Flow Statement from the following Balance sheets and Additional information.

|  |  |  |
| --- | --- | --- |
| **PARTICULARS** | **31/03/2013** | **31/03/2014** |
| **EQUITY AND LIABILITIES**  **1. SHAREHOLDERS FUND**  Equity Share Capital  12% Preference Share Capital  General Reserve  P & L Account  **2. Non Current Liabilities**  10% Debentures  **3. Current Liabilities**  Proposed dividend  Provision for Tax  Trade payables | 1,50,000  75,000  20,000  15,000  30,000  15,000  25,000  30,000 | 2,00,000  50,000  35,000  25,000  20,000  20,000  35,000  50,000 |
| **TOTAL** | **3,60,000** | **4,35,000** |
| **ASSETS**  **1. NON CURRENT ASSETS**  Machine  Patents  **2. Current Assets**  Inventories  Trade Receivables  Cash And Cash Equivalents | 1,20,000  50,000  60,000  80,000  50,000 | 1,80,000  35,000  80,000  70,000  70,000 |
| **Total** | **3,60,000** | **4,35,000** |

**ADDITIONAL INFORMATION:**

Depreciation charged on machine during the year was 30,000. A machine costing 20,000 accumulated depreciation there on was 10,000 was sold @ 40% loss on book value.

1. Classify the following in to main heading and subheading as per the Horizontal format of Balance Sheet as per Companies Act 1956:

Provident Fund, Trademarks, Inventory, Share issue expenses, Work in progress

Deposit with Port Trust Authorities, Unclaimed dividend, Stores and spares.

1. Prepare a Comparative Statement of Profit/Loss from the following information:

|  |  |  |
| --- | --- | --- |
| **Particulars** | **31.3.2014 (**[Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)**)** | **31.3.2013 (**[Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)**)** |
| Revenue from Operation | 3,00,000 | 2,00,000 |
| Cost of Revenue from operation | 1,20,000 | 80,000 |
| Employee benefit expenses | 15,000 | 10,000 |
| Interest on Investment | 20,000 | 30,000 |
| Tax Rate | 50% | 40% |

1. From the following information calculate: (a) Debt Equity Ratio; (b)Total Assets to Debt Ratio; (c) Proprietary Ratio

Non- current investments- [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)10,000, Net Fixed Assets- [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)60,000; 4% Long term loan- [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)17,000; 9% Debenture- [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)33,000; Working Capital- [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)20,000; Current Liabilities- [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)12,000.

27. The Current Ratio of a company is 2. State with reasons which of the following transactions would increase/decrease/ not alter the ratio.

(a) Accepted bills of exchange drawn by creditors [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)700.

(b) Redeemed 8% Debentures of [Description: Indian Rupee symbol.svg](http://en.wikipedia.org/wiki/File:Indian_Rupee_symbol.svg)10,000 at a premium of 10%.

(c) Issue of Bonus shares.

(d) Repayment of current liability.

PRACTISE PAPER- 2

|  |  |  |
| --- | --- | --- |
| 1. | State the interest of trade union in the financial statement analysis. |  |
| 2. | State any two objectives of Financial Analysis |  |
| 3. | Why is proposed dividend added in calculating cash from operating activities? |  |
| 4. | State an use of preparing a Cash Flow Statement |  |
| 5. | While preparing a Cash Flow Statement, what type of activity is payment of cash to acquire shares of another company by a mutual fund company? |  |
| 6. | What will be the Operating Ratio if Operating profit Ratio is 33.64%. |  |
| 7. | Identify the Source/Use of Cash when inventory of 8000 is sold at a loss of Rs. 3,000 |  |
| 8. | Under which type of activity will you classify dividend paid by financing company while preparing Cash Flow Statement? |  |
| 9. | Give 4 examples of Cash Equivalent while preparing Cash Flow Statement |  |
| 10. | Name the ratios which help in analyzing the operational efficiency. |  |
| 11. | Under which type of activity will you classify ‘Commission and Royalty Received’ while preparing Cash Flow Statement? |  |
| 12. | Cash revenue from operations Rs. 1,00,000, Credit Revenue from operations Rs. 3,00,000. Gross Profit 20% on Cost Revenue from Operations, Inventory Turnover Ratio 3 Times, Inventory at the end was 3 times that in the beginning. Calculate Opening inventory and Closing inventory. |  |
| 13. | From the following information, calculate the Debt equity ratio Return on Investment and Interest Coverage Ratio:  Net Profit (after) Tax Ratio 12%. Tax Rate 40%, Revenue from Operations Rs. 20,00,000, 15% Long – term Borrowings Rs. 8,00,000, Equity Share Capital Rs. 1,50,000, Reserves and Surplus Rs, 1,50,000, Securities Premium Rs. 50,000, 18% Preference Share Capital Rs. 1,00,000. |  |
| 14. | Cost of Revenue from Operations Rs. 12,00,000, Gross Profit Ratio 20%, Cash Revenue from Operations 20% of Total Revenue from Operations, Closing Trade Receivables Rs. 2,50,000. Excess of Closing Trade Receivables over Opening Trade Receivables Rs. 2,00,000. Calculate Debtors Turnover Ratio |  |
| 15. | From the following information, prepare Comparative Statement of Profit and Loss for ABC Ltd.,  31st March 2013 31st March 2014  Revenue from Operations 5,00,000 4,00,000  Other Income 20,000 10,000  Cost of Materials Consumed 3,00,000 2,00,000  Employee Benefit Expense 60,000 40,000  Other Expenses 40,000 30,000  Tax Rate 30% 30% |  |
| 16. | The debt equity ratio of a company is 3:2. State giving reason, which of the following would improve, reduce or not change the ratio:   1. Cash received from trade receivables. 2. Sale of Fixed Asset (Book Value Rs. 15,000) for Rs. 12,000 3. Bills Receivable endorsed to Creditors dishonored 4. Payment of final dividend already declared |  |
| 17. | Which major heading and sub – heading will the following items be placed in the balance sheet of a company as per Schedule VI part I of the Companies Act 1956   1. Debenture Redemption Reserve 7. P & L Dr. 2. Loose tools 8. Loan repayable on demand. 3. Tax reserve 9. Provident fund 4. Mining rights 10. Calls in advance 5. Unpaid dividend 11. Deposit with port trust authorities 6. Accrued interest on investment 12. Registered capital |  |
| 18. | From the following data, calculate cash flows from Investing Activities   |  |  |  | | --- | --- | --- | | Particulars | 31.3.2013 | 31.3.2014 | | Computer | 3,00,000 | 4,00,000 | | Accumulated Depreciation on computer | 1,20,000 | 1,60,000 | | 10% Non Current Investments | 1,00,000 | 1,50,000 | | Current Investments(Marketable) | 2,50,000 | 2,00,000 |   Additional Information:  During the year 2013-14, a computer costing Rs.80,000 on which depreciation provided Rs. 40,000 was sold for Rs. 46,000. Investments costing 30,000 was sold @ profit of 10%. |  |
| 19. | From the following activities, calculate Cash flows from Financing Activities:   |  |  |  | | --- | --- | --- | | Particulars | 31.3.2013 | 31.3.2014 | | Equity Share Capital | 2,00,000 | 6,00,000 | | 12% loan | 3,00,000 | 4,00,000 | | 10% Preference Share Capital | 2,00,000 | 1,50,000 | | 9% Debentures | 1,00,000 | 50,000 | | Securities premium reserve | 40,000 | 50,000 |   Additional Information:   1. Dividend paid on Equity Shares @ 15%. 2. Issue of Equity Share Capital of Rs. 50,000 to underwriters for their services. 3. Preference shares were redeemed at 10% premium on 1/4/2013 4. Debentures were redeemed on 31/03/2014. |  |

**BUSINESS STUDIES**

1. Ram, the manager, very often speaks to people at all levels, passing on instructions regarding his   
 department and also other departments. Which principle of management is being overlooked and   
 why?

2. A sales person is asked to finalize a deal with customer. The marketing manager allows him to give a   
 discount of up to 10% but the Finance Manager allows him to give discount of upto 25%. Which   
 principle is violated here?

3. Factory owners or managers relied on personal judgment in attending to the problems they   
 confronted in the course of managing their work. Which principle of Taylor is it referring to?

4. The directors of XYZ limited, an organisation manufacturing computers, want to double the sales   
 and have given the responsibility to the sales manager. The sales manager has no authority either   
 to increase sales expense or appoint new salesmen. Hence, he could not achieve this target.   
 Identify the principle violated in this situation.

5. After the change in Government Policies, foreign companies like Coca-cola has prohibited to   
 work In India. These steps of the government have boosted which values?

6. Define Business Environment.

7. Mr. Ajay after completing MBA from USA comes to India to start a new business under the   
 banner Ecom Creations Ltd. He launches a new product in e-learning for Senior Secondary   
 School students in Commerce stream, which already has an established market in UK and   
 USA but not in India. His business starts flourishing in India. Now more Indian companies   
 entered into the market with other subjects also. Identify and quote the lines from above para  
 which highlight the significance of understanding business environment.

8. Distinguish between functional structure and divisional structure on the basis of ‘formation’.

9. Give the meaning of ‘Procedure’ as a type of plan.

10. Mega Ltd. was manufacturing water-heaters. In the first year of its operations, the revenue   
 earned by the company was just sufficient to meet its costs. To increase the revenue, the   
 company analysed the reasons of less revenue. After analysis the company decided (i) to   
 reduce the labour cost by shifting the manufacturing unit to a backward area where labour   
 was available at a very low rate. (ii) to start manufacturing solar water-heaters and reduce   
 the production of electric water-heaters slowly. This will not only help in covering the risks,   
 but also help in meeting other objectives too.

(a) Identify and explain the objectives of management discussed above.

(b) State any two values which the company wanted to communicate to the society.

11. Principles of Taylor and Fayol are mutually complementary. One believed that the   
 management should scientifically select the person and the work assigned should suit his/her   
 physical and intellectual capabilities, while the other suggested that the work can be   
 performed more efficiently if divided into specialised tasks. Identify and explain the   
 principles of Fayol and Taylor referred to in the above para.

12. Differentiate between ‘Functional’ and ‘Divisional’ structure of organising on the basis of the   
 following : (i) Meaning (ii) Formation (iii) Specialisation (iv) Responsibility (v) Managerial   
 development (vi) Cost involved

13. Volvo Ltd.’s target is to produce 10,000 shirts per month at a Cost of Rs. 100/- per shirt. The   
 Production Manager achieved this target at a cost of Rs. 90/- per shirt. Do you think the   
 ‘Production Manager’ is effective? Give one reason in support of your answer.

14. (i) Name and explain the principle of management in which workers should be encouraged to   
 develop and carry out their plans for improvements in the organisation.

(ii) Name and explain the technique of scientific management which helps in eliminating   
 unnecessary diversity of products and thus results in saving cost. 2

15. "Management is regarded as an Art by some, as Science or as an inexact Science by others.   
 The truth seems to be somewhere in between." In the light of this statement explain the true   
 nature of management.

**ECONOMICS**

1. State two features of resources that give rise to an economic problem?
2. An economy produces inside, the PPC when;
   1. Resources are efficiently used
   2. There is scarcity of resources
   3. Resources are inefficiently used
   4. None of the above
3. When demand for a good falls due to rise in income of the consumer , what is the change in demand called;
   1. Expansion of demand
   2. Contraction of demand
   3. Increase in demand
   4. Decrease in demand
4. State any three factors that can cause an increase in demand of a commodity?
5. Distinguish between expansion in demand and increase in demand?
6. Mention the characteristics of indifference curve.
7. Explain the problem of How to produce.
8. Define an indifference curve . Explain why an indifference curve is downward

sloping from left to right?

1. State the two components of money supply.
2. Explain by giving an example , how is demand for a good affected when price

of its substitutes rises.

1. Explain the conditions of consumers equilibrium under indifference curve

approach.

1. What is meant by consumer’s equilibrium? State the condition in case of a single commodity.
2. Machine purchased is always a final good. Do you agree?
3. When a consumer shifts from middle income group to higher income group, what happens to his demand for normal goods?
4. Distinguish between intermediate goods and final goods.
5. Explain circular flow of income.
6. While calculating national income of India from its domestic factor income, how will u treat the following;
   1. Salaries received by Indian working in branches of foreign banks in India.
   2. Profits earned by Indian bank from its branches abroad.
   3. Rent paid by embassy of Japan in India to an Indian resident.
7. Write down some of the limitations of using GDP as the index of welfare of a country.
8. Explain the problems of barter system. How has money solved it?
9. Explain the process of money creation by commercial banks.

NOTE; To solve all the NATIONAL INCOME sums given in the WORK SHEET.