

SECTION – II

Q. 4. Case Study

(15)

The following Trading and Profit and Loss Account of Flawless Ltd. for the year 31/3/2023 is given below:

Particulars	Amt. Rs.	Particulars	Amt. Rs.
To Opening Stock	1,52,500	By Sales	10,00,000
To Purchases	6,30,500	By Closing Stock	1,97,000
To Carriage and Freight	4,000		
To Wages	10,000		
To Gross Profit b/d	4,00,000		
	11,97,000		11,97,000
To Administration expenses	2,02,000	By Gross Profit b/d	4,00,000
To Selling and Dist. expenses	24,000	By Interest on Securities	3,000
To Non-operating expenses	4,000	By Dividend on shares	7,500
To Financial Expenses	14,000	By Profit on sale of shares	1,500
To Net Profit c/d	1,68,000		
	4,12,000		4,12,000

Calculate the following ratios and give significance of them

1. Gross Profit Ratio
2. Operating Expenses Ratio
3. Operating Profit Ratio
4. Net Profit Ratio
5. Stock Turnover Ratio

Q. 5. Answer the following:

(10)

- a) “Vertical analysis refers to the study of relationship of the various items in the financial statement of one accounting period”. Do you agree with the statement? Give your justification to the answer.

OR

- b) Explain asset allocation strategies in evolving market.