

(7M)

Q.1 (b) State True or False:(Any 7)

- (i) Dividend is paid in kind
- (ii) During boom dividend may be paid of lower rate
- (iii) Manufacturing organization requires higher working capital
- (iv) Trade credit is a source of working capital
- (v) Bank overdraft is a liquid liability
- (vi) Working capital is life blood of an organization
- (vii) Prepaid expenses are included in liquid assets
- (viii) Public deposit is unsecured loans
- (ix) Fictitious balances are shown as assets
- (x) Management accounting reports are prepared annually.

Q.2 (a) Bharat Company plans to manufacture and sell 1500 units of domestic appliances per month at a price of Rs. 500 each during the financial year 2021-22. The ratio of cost of selling price is as follows: (15M)

Particulars	% of Selling price
Raw Materials	30
Direct Wages	30
Direct Overheads	05

Stocks were maintained as per follows:

Particulars	
Raw Materials	3 Month
Work in progress	2 Month
Finished goods	1 Month

Following additional information is given:

1. Creditors allow 2 weeks credit for payment
2. Lag in payment in overhead and labour is 1 month

Prepare a working capital requirement statement & Show your working notes clearly.

OR

Q.2 (b) You are required to prepare a statement showing the working capital required to finance the level of activity of 5000 units per month from the following information:

- a. Raw materials are in stock on an average for 2 months.
- b. Materials are in process on an average for 3 months.
- c. Finished goods are in stock on an average for 1 month.
- d. Credit allowed by the suppliers is 1 month and credit allowed to the customers is 2 months.
- e. Lag in payment of wages and an overhead is 1 month
- f. Activities are spread evenly throughout the year

Particulars	Cost per unit
Raw material	Rs. 200
Direct Wages	Rs. 150
Direct Expenses	Rs. 30
Profit is 20% on Total cost.	

Q.3 The following is the Balance Sheet of M's. Tata Ltd. as on 31st March, 2022. (15M)

Liabilities	Amount (Rs.)	Assets	Amount (Rs.)
Equity Share Capital	3,00,000	Goodwill	1,20,000
12% Preference Share Capital	2,50,000	Furniture	4,00,000
General Reserve	2,20,000	Building	5,00,000
Profit & Loss A/c	1,40,000	Stock	200,000
15% loan	3,50,000	Debtors	1,45,000
Creditors	1,10,000	Cash at Bank	50,000
Short term loans	60,000	Prepaid Expenses	30,000
Provision for Taxation	35,000	Preliminary Expenses	20,000
	14,65,000		14,65,000

The following further information is also given for the year:

Total Sales Rs. 10,00,000; Net profit rate 25% on Cost. Opening Stock 1,00,000 & Closing Stock 2,00,000

Calculate the following:

- A. Proprietary Ratio B. Current Ratio C. Quick Ratio
D. Debt-Equity Ratio E. Stock Turnover Ratio

OR

Q.3 Calculate from the following details furnished by Kavu Ltd.

Trading, Profit & Loss A/c.

For the year ending 31st March, 2022

Particulars	Rs.	Particulars	Rs.
To Opening Stock	56,000	By Sales	7,20,000
To Purchases	2,20,500	By Closing Stock	74,000
To Carriage Inward	9,500	By Interest Received	4,600
To Office Expenses	1,00,000		
To Sales Expenses	34,600		
To Loss on Sale of Fixed Assets	1,00,000		
To Net Profit c/d	2,78,000		
	7,98,600		7,98,600

Calculate the following ratios:

- A. Stock Turnover Ratio B. Operating Ratio C. Capital Gearing Ratio
 D. Net Profit Before Tax Ratio E. Gross Profit Ratio.

Q.4 (a) The following is the summarized Balance Sheet of M/s. Amba Ltd. as at 31.03.2022. (10M)

Liabilities	Amount	Assets	Amount
Equity Share Capital	5,00,000	Fixed Assets	7,78,000
10% Pref. Share Capital	1,00,000	Investment	3,00,000
General Reserve	3,46,700	Other Investment	80,000
15% Debentures	1,50,000	Stock	3,58,000
Bank loan	2,20,000	Debtors	46,780
Creditors	3,32,000	Advances	49,000
Bills Payable	91,000	Cash at Bank	2,04,920
Provision for Taxation	77,000		
	1,816,700		1,816,700

You are required to convert the above Balance Sheet in Vertical form suitable for Financial Analysis.

Q.4 (b) Following information is available relating to HCL Ltd. and TCS Ltd. (5M)

Particulars	HCL Ltd.	TCS Ltd.
Equity Share Capital (Rs. 10 Face Value)	250	350
10% Preference Shares	100	120
Profit after Tax	60	80
Proposed Dividend	30	45
Borrowed Fund 12% Debentures	300	400
Market Price Per Share	Rs. 120	Rs. 150

Calculate: a. Earning Per Share b. P/E ratio c. Dividend Pay-out ratio d. Debt Equity ratio e. Return on Equity Shares.

OR

Q.4 (a) Following are the details regarding three companies A Ltd., B Ltd., and C Ltd.: (15M)

Particulars	A Ltd.	B Ltd.	C Ltd.
Internal rate of return	20%	10%	15%
Cost of Equity	10%	10%	10%
Earning per share	Rs. 10	Rs. 10	Rs. 10

Calculate the value of a equity share for each of company applying Walter's model when dividend payout ratio (D/P ratio) is (i) 50% (ii) 60%.

- Q.5** (a) Role of Working Capital Management. (8M)
(b) Explain the importance of Management Accounting. (7M)

Q.5 Write short notes (Any 3) OR (15M)

- (a) Matching Concept
- (b) Importance of Ratio Analysis
- (c) Window Dressing of Current Ratio
- (d) Types of Working Capital
- (e) Utility of Financial Statements Analysis.

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