

Instructions: (a) All questions are compulsory subject to internal choice.
 (b) Figures to the right indicate full marks.

Q.1 Answer any Eight from the following:

A Match the following

[08]

A	B
(a) Management Accounting	1) Current liability
(b) Reports of management	2) Current assets
(c) Unclaimed dividend	3) Fixed assets
(d) Marketable investments	4) Proportion between two figures
(e) Live stock	5) Future oriented
(f) Ratio	6) Liquid ratio
(g) Acid test ratio	7) Current ratio
(h) Short term solvency	8) 2:1
(i) Debt Equity	9) Method of estimating working capital
(j) Operating cycle	10) Optional

B State whether the following statements are true or false (Answer any Seven):

[07]

- a. Trading organisation requires less working capital.
- b. Credit granted by supplier reduces working capital.
- c. Dividend is paid in cash.
- d. Liquidity has no effect on dividend policy.
- e. Analysis is must for interpretation.
- f. Common size statement is a vertical analysis.
- g. Operational information is used by lower level management.
- h. Stock is a liquid asset.
- I. Higher stock turnover means higher cost of goods sold.
- J. Owners fund and owed fund are the same.

Q.2

A. The following is the Balance Sheet of M/s. Shetty Ltd. as on 31st March, 2017.

[15]

Liabilities	Rs.	Assets	Rs.
Equity share capital	400000	Goodwill	125000
9% preference share capital	200000	Furniture	300000
General reserve	100000	Land & Building	400000
Profit & loss A/C	100000	Stock	100000
10% Loan	200000	Debtors	200000
Accounts payable	100000	Cash & Bank	60000
Advances from customers	50000	Prepaid expenses	40000
Provision for taxation	60000	Preliminary expenses	15000
Expenses payable	40000	Discount on issue of debentures	10000
	1250000		1250000

The following further information is also given for the year:
 Total sales Rs.10,00,000 Net profit rate 15%. out of total sales 20% are cash sales.
 Purchases Rs.5,00,000 .Number of days in the year 360.

Calculate the following

A) Proprietary ratio

- B) Capital gearing ratio
 C) Acid test ratio
 D) Operating ratio
 E) Creditors turnover ratio

OR

- B. From the following extracts of Surya Ltd you are asked to compute short term solvency ratio and activity ratios for the year ended 31st March 2017 [15]
 Equity Share Capital 20000, 7% Preference Share Capital 4000, Reserves and Surplus 16000, 6% Mortgage Debentures 28000, Creditors 2400, Bills payable 4,000, Outstanding expenses 400 and Tax Provision 5,200
 Fixed assets 52000 (less depreciation Rs. 20,000), Cash 2000, Investments (10%) 6000, Sundry debtors 8000 and Stock 12,000
 Net sales Rs. 120,000, Cost of goods sold Rs. 103,200
 (Arranging in vertical form is not expected)

Q.3

- A. Naysha manufacturing company gives the following details. Estimated level of activity 26,000 units of production for the year 2016-17 [15]

Particulars	Rs.
Raw material	20
Wages	8
Overheads	16
Selling price	50

Further information

Raw material are in stock average 4 weeks consumption

W-I-P 2 weeks

Finished goods in stock 2 weeks

Credit allowed by suppliers 2 weeks

Credit allowed to debtors 3 weeks

Lag in payment of wages and overheads 1 week

Cash at bank for smooth operation is expected to be Rs.24,000

Provide for safety of margin at 10%

25% purchases and 20% sales are against cash.

You are required to prepare statement showing working capital requirements for the year 16-17.

OR

- B. From the following information prepare a working capital requirement. [15]
 Production during the year is to be 1,04,000 units.

The expected ratio of cost to selling price are Raw material 60%, Direct wages 10%, Overheads 20%. Raw materials are expected to remain in stores for an average of 8 weeks before issue to production. Each unit of production is expected to be in process for 4 weeks for material and 2 weeks for labour & overheads. Finished goods will stay in warehouse awaiting despatch to customers for approximately 12 weeks.

Credit allowed by Creditors is 8 weeks from the date of delivery of Raw materials. Credit given to Debtors is 12 weeks from the date of despatch. Selling price is Rs.25 per unit.

Q. P. Code: 22154

There is a regular production and sale cycle. 25% of sales are on cash basis and 75% of purchases are on credit.

Provide 10% for contingencies on current assets.

Q.4

A. From the following Balance Sheet calculate Balance-Sheet ratios. (Any Four)

[08]

Balance Sheet as on 31st Dec., 2016

<u>LIABILITIES</u>	<u>Rs.</u>	<u>ASSETS</u>	<u>Rs.</u>
Equity Share Capital	1,00,000		
Preference Share Capital	40,000	Building	80,000
Profit & Loss Account	50,000	Plant and Machinery	1,00,000
Mortgage Loan	1,00,000	Stock	1,00,000
Creditors	60,000	Debtors (L.Y. 80,000)	60,000
Taxes Payable	50,000	Short Term Investments	20,000
Proposed equity dividend	10,000	Cash & Bank balances	50,000
	<u>4,10,000</u>		<u>4,10,000</u>

B. Being a Company Secretary you are asked to calculate the revised Share capital for following companies using the information below -

(07)

Sr.no	Company	Existing Total Share Capital (Rs)	Proportion of Equity Capital to Preference Capital	Bonus Ratio
1.	X Ltd.	15,00,000	3:2	1:1
2.	Y Ltd.	50,00,000	2:1	1:1
3.	Z Ltd.	50,00,000	1:1	2:1
4.	A Ltd.	50,00,000	3:1	2:1

OR

A. The following data is furnished to you regarding two companies X & Y operating in the same industry [08]

A) Calculate the operating cycle for both the companies

B) Also suggest steps you would take to reduce the operating cycle.

Particulars	X (days)	Y(Days)
Raw material stock	150	144
W-I-P in terms of COGS	72	60
Finished goods stock	108	80
Average collection period	144	170
Average payment period	120	96

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D. The following appears in the balance sheet of R Ltd. Company as on 31.3.2017

[07]

Liabilities	Rs.	Assets	Rs.
10,000 shares of Rs.10 each ,8 paid up	80000	Sundry Assets	126000
Reserve and Surplus			
General reserve	2000		
Capital redemption reserve	4000		
Profit & loss A/C	40000		
	126000		126000

The company declared bonus.

- A) Making partly paid up shares as fully paid up
- B) Issue of 1000 paid up shares of Rs.10 each to the existing shareholders. For the purpose, Profit & Loss should be utilised to the minimum extent.
Prepare Revised Balance-sheet.

Q.5

- 1) Explain MM model regarding dividend.
- 2) Discuss the factors that determine working capital requirements.

[08]**[07]****OR**Write short notes(**any three**)

- 1) Walter & Gordon model
- 2) Sources of working capital
- 3) Balance sheet ratios
- 4) Scope of Management accounting
- 5) Tools of financial analysis

[15]
