

SYBCBR

Time: 2Hrs.30Min.

Max. Marks: 75

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

Q.1: A) Multiple Choice questions. (Any 8)

(08)

1. Current ratio is 2.5 working capital is Rs.60,000 current assets will be.....
a) Rs. 1,00,000 b) Rs. 1,40,000 c) Rs. 50,000 d) Rs. 1,25,000
2. Debt Equity Ratio is 1:2 Which of the following would increase the ratio
a) Issue of debentures against purchase of fixed assets b) Cash received from debtors
c) Payments to creditors d) Purchase of goods on credit
- 3) The transfer to reserve is 10% of profit, if dividend declared exceeds _____ %
a) 10% b) 15% c) 20% d) 25%
- 4) In Balance Sheet, securities premium should be shown under _____.
a) Share capital b) Reserves & surplus
c) Current liabilities d) Fixed assets
- 5) Negative working capital is equal to.....
a) current assets less current liabilities b) current assets less fixed assets
c) current liabilities less current assets d) none of the above
- 6) Sale of goods on cash basis.....
a) reduces working capital requirement b) increases working capital requirement
c) nullifies working capital requirement d) none of the above
- 7) Management accounting is
a) Futuristic Approach b) based on cost and financial accounting
c) aids decision making d) All of the above
- 8) The most common form of dividend payment is.....
a) Stock Dividend b) Bonus Issue
c) Stock Split d) None of the above
- 9) Payment of fixed dividend is known as.....
a) Constant Payout b) Fluctuating Dividend
c) Cash Dividend d) Stock Dividend
- 10) If EPS of the firm is Rs.10 and retention is 0% the dividend payout would be.....
a) 10 b) 0
c) 5 d) none of the above

Q.1: B) Match the following (any 7)

(07)

Group 'A'	Group 'B'
1. Unpaid investors loan	a) Loan
2. F. D. with Bank	b) Balance Sheet
3. Accrued interest on loan	c) Profit & Loss Account
4. Preliminary Expenses	d) Bank balance
5. Miscellaneous expenses	e) Current liability
6. Dividend	f) Bonus Issue
7. Stock Dividend	g) Modigliani & Miter
8. Irrelevance Approach	h) Walter & Gordon
9. Relevance Approach	i) Convertibility in Cash
10. Liquidity	j) Stable Dividend Policy
	k) Part of profit Distributed
	l) Shareholders
	m) Board of Directors

Q.2A.: Following are the financial statements of two similar companies:

(15)

Balance Sheet as at 31st December, 2018 (Rs in 000's)

Liabilities	X Ltd. Rs.	Y Ltd. Rs.	Assets	X Ltd. Rs.	Y Ltd. Rs.
Share Capital			Land and Building	1,400	1,200
Equity Shares of Rs.10 each	4,000	4,000	Plant	4,100	3,200
Revenue Reserve	1,950	1,600	Stock	2,850	2,100
8% Debentures	1,000	1,000	Debtors	2,600	1,900
Trade Creditors	2,800	1,400	Investment (Long term)	-	300
Other Creditors	250	200	Bank	100	300
Provision for Tax	900	700	Deposit	150	100
Bills Payable	300	200			
	11,200	9,100		11,200	9,100

Income statement for 2018 (Rs in 000's)

	X Ltd. Rs.	Y Ltd. Rs.		X Ltd. Rs.	Y Ltd. Rs.
Cost of Sales	10,800	9,000	Sales	15,000	12,000
Operating Expenses	2,900	2,000			
Taxation	550	410			
Net Profit After Tax	750	590			
	15,000	12,000		15,000	12,000

On the basis of the above information you are required to compute separately the following ratios for both the companies and provide your comparative comments on same

1. Capital gearing ratio
2. Current ratio
3. Debtors turnover ratio
4. Return on proprietary fund
5. Return on Equity Share Capital

OR

Q.2B. : Following is the Profit and Loss Account of Chaywala Ltd. for the year ended 31st March, 2018.

(15)

Profit and Loss Account for the year ended 31st March, 2018

Particulars (Debit)	Rs.	Particulars (Credit)	Rs.
To Opening Stock	2,00,000	By Sales	10,50,000
To Purchases	5,75,000	Less : Return	<u>50,000</u>
Less : Return	<u>25,000</u>	By Closing Stock	2,50,000
To Factory Rent	1,25,000		
To Direct Wages	1,25,000		
To Gross Profit c/d	2,50,000		
Total	12,50,000	Total	12,50,000
To Office Rent	12,500	By Gross Profit b/d	2,50,000
To Salaries	25,000	By Interest	17,500
To Selling Expenses	18,750	By Profit on Sales of Investment	1,250
To Discount Allowed	6,250		
To Interest	10,000		
To Bank Charges	2,500		
To Depreciation	30,000		
To Loss on Sales of Assets	5,000		
To Income Tax	45,000		
To Net Profit	1,13,750		
Total	2,68,750	Total	2,68,750

Calculate the following ratios and Prepare vertical Income Statement.

1. Gross Profit Ratio
2. Operating Ratio
3. Net Profit Ratio (After Tax)
4. Operating Expenses Ratio
5. Stock Turnover Ratio.

Q3: A) You are required to prepare a statement showing the working capital required to finance the level of activity of 1250 units per month from the following information: (15)

1. Raw materials are in stock on an average for 2 months.
2. Materials are in process on an average 2 months.
3. Finished Goods are in stock on an average for half a month.
4. Credit allowed by the suppliers is 3 months of purchase of raw-materials are credit allowed to customers is 5 months.
5. Lag in payment of Wages and Overheads is one month.
6. Provide a margin of safety at 10%.on net working capital.
7. Debtors are valued at selling price.
8. Activities are spread evenly throughout the year: Cost per unit:
Raw-materials Rs. 16.
Wages Rs.08
Overheads Rs. 12
Profit 25% on cost

OR

Q3B. A proforma cost sheet of a company provides the following particulars: (15)

Elements of Cost	Amount per unit Rs.
Raw Material	160
Direct Labour	60
Overheads	120
Total Cost	340
Profit	60
Selling Price	400

The following further particulars are available:

Raw materials are in stock on an average for one month. Materials are in process on an average for half a month. Finished goods are in stock on an average for one month. Credit allowed by suppliers is one month. Credit allowed to customers is two months. Lag in payment of wages is 1½ weeks. Lag in payment of overhead expenses is one month. One-fourth of the output is sold against cash. Cash in hand and at bank is expected to be Rs.25,000.

You are required to prepare a statement showing the working capital needed to finance a level of activity of 1,56,000 units of production.

You may assume that production is carried on evenly throughout the year, wages and overheads accrue similarly and a time period of 4 weeks is equivalent to a month. Value Debtors at Cost. Also calculate operating cycle for the same.

Q.4: A) ABC Ltd. was started a year back with a paid-up equity capital of Rs.40,00,000. (08)

The other details are as under:

Earnings of the Company	: Rs.4,00,000
Dividend Paid	: Rs.3,20,000
Price-Earnings Ratio	: 12.5
Number of Shares	: 40,000

You are required to find out whether the company's dividend pay out ratio is optimal, using Walter's Formula.

B) Sun Ltd declared a 3 for 2 bonus issue during the year 2017-18. An extract of balance sheet prior to issuance of bonus shares is as follows – (07)

Ordinary Share Capital (FV 100 each)	Rs 50,00,000
Share Premium Account	Rs 25,00,000
Revaluation Reserve	Rs 35,00,000
Retained Profits	Rs 60,00,000

State the journal entries to record the above transactions and discuss its impact on Revaluation Reserve and Retained Earnings.

OR

Q4C. Following is the Market Price and P/E Ratio of Meena Ltd over the past ten years. You are required to calculate dividend payout for each financial year under following cases (15)

Financial year	MPS (Rs)	P/E Ratio
2008-2009	550	2.0
2009-2010	625	2.2
2010-2011	610	2.0
2011-2012	580	1.8
2012-2013	475	1.5
2013-2014	450	1.25
2014-2015	510	1.75
2015-2016	520	2.00
2016-2017	570	2.50
2017-2018	580	2.80

- The company follows a constant dividend payout of 30%.
- The minimum dividend if Rs 20 per share for each year and increases by Rs 20 per share for increase in EPS by 10% from previous year.

Q.5 a) Explain MM model in brief. (08)

b) Discuss the uses of financial statements (07)

OR

Q.5 Write short notes. (any three) (15)

- Tools of financial analysis
- Gordon model
- Sources of working capital
- Stock Split
- Scope of Management accounting
