**DURATION: 2 ½ HOURS** **D31710OMA** **MARKS: 75**

**NB:**

- **All questions are compulsory.**
- **Figures to the right indicate full marks.**
- **All questions carry equal marks.**

**Q.1 (a) Objective Type Questions (Any 8)** **(8M)**

(i) Payment of fixed dividend is known as

a) Constant payout b) Fluctuating Dividend
c) Cash Dividend d) Stock Dividend.

(ii) Performance over two years can be understood from

a) Income Statement b) Balance sheet
c) Comparative Income Statement d) Common size Statement

(iii) Stock Turnover is a relationship between

a) Cost of goods sold & Average Stock b) Sales & Capital
c) Sales & Opening Stock d) Purchase & Sales

(iv) Proprietary ratio is _____.

a) Revenue ratio b) Balance sheet ratio
c) Combined ratio d) Income Statement Ratio.

(v) Quick assets are equal to _______.

a) Current assets b) Current Assets less stock
c) Stock d) Current liabilities less Bank Overdraft

(vi) Purchase of fixed assets on credit will :

a) Increase debt equity b) Decrease debt equity
c) Not change debt equity d) Decline Current ratio

(vii) Working capital finance is raised from

a) Bank Overdraft b) Cash Credit
c) Bill finance d) All of the above.

(viii) The following is not a current liability _______.

a) Creditors b) Bank Loan
c) Unclaimed dividend d) Outstanding wages.

(ix) The models known as bird in the hand argument

a) Walter Model b) Fayol Model
c) Gordon Model d) Henry Model.

(x) Part of income distributed to shareholders.

a) Profit b) Loss
c) Dividend d) Undistributed Profits

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

(i) A balance sheet tallies because of the double entry system of accounting
(ii) Owners fund and owed fund are the same
(iii) Contingent liabilities do appear in the Balance sheet
(iv) Owed funds are internal source of finance
(v) Ratio is the proportion between two numbers
(vi) Capital gearing ratio compares own funds with owed funds
(vii) Net working capital is known as Current assets
(viii) Working capital is estimated for the previous financial year.
(ix) Liquidity has no effect on dividend policy
(x)Dividends are the cash flows returned to the shareholders.

**Q.2** (a) JSW Energy Company plans to manufacture and sell 2400 units of domestic appliances per month at a price of Rs. 300 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 | 15 |
| Direct Overheads | 10 |

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 3 weeks credit for payment
2. Lag in payment in overhead and labour is 2 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 3000 units per month from the following information:

a. Raw materials are in stock on an average for 3 months.
b. Materials are in process on an average for 2 months.
c. Finished goods are in stock on an average for 2 months.
d. Credit allowed by the suppliers is 2 month and credit allowed to the customers is 1 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. 300 |
| Direct Wages | Rs. 100 |
| Direct Expenses | Rs. 25% of Raw Material cost |

Profit is 25% on Total cost.

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

| Liabilities | Amount (Rs.) | Assets. | Amount (Rs.) |
|---|---|---|---|
| Equity Share Capital | 2,00,000 | Goodwill | 2,20,000 |
| 12% Preference Share Capital | 2,00,000 | Furniture | 3,00,000 |
| General Reserve | 2,05,000 | Building | 4,00,000 |
| Profit & Loss A/c | 2,50,000 | Stock | 200,000 |
| 15% loan | 2,60,000 | Debtors | 1,40,000 |
| Creditors | 1,05,000 | Cash at Bank | 30,000 |
| Short term loans | 50,000 | Prepaid Expenses | 10,000 |
| Provision for Taxation | 50,000 | Preliminary Expenses | 20,000 |
| | 13,20,000 | | 13,20,000 |

The following further information is also given for the year:
Total Sales Rs. 20,00,000 (100% are Credit Sales); Net profit rate 25%; Purchases Rs. 4,00,000; Number of days in the year 360.

Calculate the following:

A. Proprietary Ratio B. Current Ratio C. Debt-Equity Ratio
D. Capital Gearing Ratio E. Creditors Turnover Ratio

OR

**Q.3 Calculate from the following details furnished by Religare Ltd. (15M)**

Trading, Profit & Loss A/c.
For the year ending 31st March, 2022

| Particulars | Rs. | Particulars | Rs. |
|---|---|---|---|
| To Opening Stock | 76,000 | By Sales | 8,20,000 |
| To Purchases | 2,20,000 | By Closing Stock | 64,000 |
| To Carriage Inward | 10,500 | By Interest Received | 5,400 |
| To Office Expenses | 2,00,000 | | |
| To Sales Expenses | 54,600 | | |
| To Depreciation on Furniture | 2,00,000 | | |
| To Net Profit c/d | 1,28,300 | | |
| | 8,89,400 | | 8,89,400 |

Calculate the following ratios:

A. Stock Turnover Ratio b) Operating Ratio C. Selling Expenses Ratio
D. Net Profit Before Tax Ratio E. Gross Profit Ratio.

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

| Liabilities | Amount | Assets | Amount |
|---|---|---|---|
| Equity Share Capital | 5,00,000 | Fixed Assets | 8,78,000 |
| 10% Pref. Share Capital | 2,00,000 | Investment | 8,00,000 |
| General Reserve | 4,56,700 | Other Investment | 1,63,000 |
| 15% Debentures | 2,50,000 | Stock | 4,58,000 |
| Bank loan | 1,20,000 | Debtors | 3,46,780 |
| Creditors | 4,32,000 | Advances | 59,000 |
| Bills Payable | 81,000 | Cash at Bank | 2,04,920 |
| Provision for Taxation | 87,000 | | |
| | 2,909,700 | | 2,909,700 |

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 L&T Ltd. and Godrej Ltd. (5M)**

| Particulars | L&T Ltd. | Godrej Ltd. |
|---|---|---|
| Equity Share Capital ( Rs. 10 Face Value) | 200 | 250 |
| 10% Preference Shares | 150 | 160 |
| Profit after Tax | 50 | 60 |
| Proposed Dividend | 25 | 35 |
| Borrowed Fund 12% Debentures | 300 | 400 |
| Market Price Per Share | Rs. 100 | Rs. 120 |

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 X Ltd., Y Ltd., and Z Ltd.: (10M)**

| Particulars | X Ltd. | Y Ltd. | Z Ltd. |
|---|---|---|---|
| Internal rate of return | 15% | 10% | 20% |
| Cost of Equity | 10% | 10% | 10% |
| Earning per share | Rs. 15 | Rs. 15 | Rs. 15 |

Calculate the value of a equity share for each of company applying Walter's model when dividend payout ratio (D/P ratio) is (i) 40% (ii) 75%.

SYBBI

12

**Q.4 (b)** Calculate Market price of the share as per Myron Gordon Dividend Growth Model.
The required annual rate of return on Equity 15%.
Annual growth rate is 7%.
Dividend paid for the current year is Rs. 10. **(5M)**

**Q.5** (a) Role of Working Capital Management. **(8M)**
(b) Types of Financial Statement Analysis. **(7M)**

OR

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

(a) Entity Concept
(b) Current ratio v/s Liquid ratio
(c) Overtrading & Undertrading
(d) M & M Approach
(e) Models of dividend policy

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX