

Duration:- 2.5 Hrs.

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Marks:-75M

- Note:- (1) All questions are compulsory. Each question carries 15, With Internal Options 8&7 Marks
 (2) Figures to the right indicate full marks allotted to the question.
 (3) Working notes wherever necessary should form part of your answer..

Q1a) State whether the following statements are True or False (Any Eight) CO1-4 (R&U) 8M

1. Goodwill should be shown under fictitious assets.
2. Preliminary expenses are shown under miscellaneous expenditure.
3. Salary is shown under operating expenses.
4. Capital employed is equal to working capital.
5. Proprietary ratio examines short term solvency ratio.
6. Bank Overdraft = Current Assets — Stock
7. High Stock Turnover Ratio indicates high cost of goods sold.
8. Higher net working capital leads to higher liquidity.
9. Dividend is Paid in kind
10. Net working capital is excess of current liabilities over current assets.

Q.1 b] Multiple Choice Questions: (Any Seven) CO1-4 (R&U) 7M

1. Balance Sheet is a _____
 (a) Statement of assets and liabilities (b) statement of operating results
 (c) Statement of working capital (d) none of the above
2. Current Liabilities include creditors ₹. 2,00,000, Bills Payable ₹. 1,00,000. Expenses Payable ₹. 50,000, Bank OD ₹. 2,00,000. Quick Liabilities will be _____
 (a) ₹. 3,00,000 (b) ₹. 3,50,000
 (c) ₹. 2,50,000 (d) ₹. 2,00,000
3. Patents and Copyrights is an _____
 (a) Tangible asset (b) movable asset
 (c) intangible fixed asset (d) fictitious asset
4. Shareholder's equity does not include _____
 (a) Equity capital (b) Reserves & Surplus
 (c) Debentures (d) Preliminary expenses
5. Current ratio 4: 1, liquid ratio 3: 1. If inventory is ₹. 36,000, current assets will be ₹. _____
 (a) ₹. 1, 44,000 (b) ₹. 1,50,000
 (c) ₹. 1,40,000 (d) ₹. 1,75,000
6. Quick liabilities is equal to _____
 (a) Current liabilities — bank OD (b) current liabilities + bank OD
 (c) Current assets — current liabilities (d) current liabilities — liquid liabilities
7. Working capital is _____
 (a) Excess of fixed assets over current assets (b) Excess of current assets over current liabilities
 (c) Excess of share capital over loans (d) None of the above
8. Gross Working capital is equal to _____
 (a) Gross fixed assets (b) Gross current liabilities
 (c) Gross current assets (d) none of the above
9. Guidelines to issue Bonus shares are issued by _____
 (a) SEBI (b) RBI
 (c) Income Tax Act (d) Company law

10. _____ is not considered as current asset.

- (a) Sundry debtors (b) Cash
(c) Marketable securities (d) Goodwill

Q2.a) From the following details Calculate:

CO2 (AP, AN, R&U) 15M

- 1) Gross Profit Ratio
- 2) Office and Administration Ratio
- 3) Selling and Distribution Expenses Ratio
- 4) Operating Cost Ratio
- 5) Stock Turnover Ratio

M/s Star Limited

Trading and Profit and Loss Account for the year Ended 31/03/2024

Dr.

Cr.

Particulars	Amount ₹	Particulars	Amount ₹
To Opening Stock	1,30,000	By Sales	65,00,000
To Purchases	55,70,000	By Closing Stock	2,55,000
To Direct Expenses	1,70,000	By Interest	15,000
To Salaries	1,78,000		
To Office Expenses	1,38,000		
To Selling Expenses	1,18,000		
To Distribution Expenses	98,000		
To Interest	48,000		
To Provision For Tax	95,000		
To Net Profit C/d	2,25,000		
	67,70,000		67,70,000

OR

Q2b) Following is the Balance Sheet of Pawar Limited as on 31/03/2024 CO2 (AP, AN, R&U) 15M

Liabilities	₹	Assets	₹
Equity Share Capital	3,30,000	Debtors	68,000
9% Preference Share Capital	1,00,000	Bills Receivable	12,000
General Reserve	68,000	Cash and Bank Balance	32,000
Profit and Loss A/c	32,000	Stock	38,000
Sundry Creditors	48,000	Other Current Assets	68,000
10% Debenture	1,10,000	Preliminary Expenses	12,000
Provision for Tax Current Year	20,000	Fixed Assets	5,47,000
Bills Payable	32,000	Prepaid Expenses	5,000
Bank Overdraft	22,000		
Proposed Dividend	20,000		
Total	7,82,000	Total	7,82,000

Other Details

- a) Sales ₹ 8,00,000 (80% Credit Sales)
- b) Credit Purchase ₹ 4,00,000
- c) Net Profit Before Tax ₹ 60,000
- d) Dividend on Equity Shares ₹ 15,000

Compute the following Ratios

- 1) Liquid Ratio
- 2) Creditors Turnover Ratio
- 3) Debtors Turnover Ratio
- 4) Dividend Payout Ratio
- 5) Return on Capital Employed Ratio

Q3a) The Board of Directors of Anil Ltd. request you to prepare a statement showing the requirements of working capital for a forecast level of activity of 1,04,000 units in the ensuing year (52 weeks) - from the following information available –

CO3 -- (AP,R&U) 15M

Particular	Per Unit ₹.
Raw Materials	90
Wages	40
Overhead	75
Total cost	205
Profit	60
Selling Price	265

Other Information:

- a) Raw Materials remain in stock for five weeks.
- b) Materials remain in process for two weeks.
- c) Finished goods remain in stock on an average - four weeks.
- d) Credit available from suppliers four week's requirement of material
- e) Time lag in receipt from Debtors - eight weeks.
- f) Time lag in payment of wages - one and half weeks.
- g) Payment of overheads time lags - four weeks.
- h) Cash in hand and with bank should always be ₹. 50,000/-.
- i) Operations are expected to be distributed evenly throughout the year.

OR

Q3b) From the following information of Mr. SST, you are required to prepare a statement showing the amount of Working Capital –

CO3 -- (AP,R&U) 15M

a) Estimated Annual Production		48,000 units
b) Cost Sheet per unit	Direct Material	₹. 5.00
	Direct labour	₹. 2.00
	Overheads	₹. 1.00
	Total Cost	₹. 8.00
	Profit	₹. 2.00
	Selling Price	₹. 10.00

c) It is estimated that :

1. Raw Materials are in stock on an average for two months.
2. Finished goods are in stock on an average for Three months.
3. Materials are in process for two months.
4. Debtors are allowed two month's credit.
5. Creditors allow one and half months credit.
6. Lag in payment of wages is half month.
7. Cash on hand expected is ₹. 5,000/-.
8. 10% is to be provided for contingencies.

Q4a) Following are the details of P Ltd Q Ltd and R Ltd

CO4 -- (AP, R AN& U) 15M

Company	P Ltd	Q Ltd	R Ltd
Internal Rate of Return (r)	15%	5%	10%
Cost of Capital (k)	10%	10%	10%
Earnings Per Share (EPS)	9 ₹	9 ₹	9 ₹

Calculate the Price of Equity Shares of the each company P Ltd Q Ltd and R Ltd Limited, by using Walter Approach

When Dividend Payout ratio is

- i) 25%
- ii) 50%
- iii) 75%

OR

Q4b) The Dividend of Nelson Company Limited are expected to grow @ 25% for next 2 years, after which the growth is expected to fall to 5%.
CO4 -- (AP, R AN & U) 8M

The dividend paid last period was ₹ 4 per share, the investors desires @12% return
You are required to find the value of the stock as per Gordon Model

PV @12% is as under

Year	PV @ 12 %
1	0.893
2	0.797

Q4c) from the following data calculate the market price of a share of SK ltd under Gordon model

CO4 -- (AP, R AN & U) 7M

EPS = ₹ 12

Cost of Capital = 18 %

Internal rate of Return on investment = 22%

Retention Ratio = 75%

Q5a) Financial accounting vs management accounting

CO1 -- (R & U) 8M

Q5b) What is Working Capital, Explain Its Types

CO3 -- (R & U) 7M

OR

Q5. Write short notes on (Any Three)

15M

- 1) Current liabilities and quick liabilities
- 2) Explain balance sheet ratios
- 3) Revenue statement ratios
- 4) Factors affecting working capital
- 5) Types of Dividend

CO2 (U,R)

CO2 (U,R)

CO2 (U,R)

CO3 (U,R)

CO4 (U,R)

