

Q.1.(a) Match the following columns (any eight):

(8)

Column A	Column B
1) Measuring performance	a) Performance statement
2) Balance Sheet	b) Current assets
3) Income Statement	c) Shareholders fund
4) Bottom lines	d) Efficiency management
5) Debt equity ratio	e) Acid test ratio
6) Non-quick asset	f) Off setting transactions
7) Prepaid expenses	g) Position statement
8) Hedging approach	h) Inventory
9) Reserves & Surplus	i) Balance sheet ratio
10) Quick ratio	j) Profits

Q.1.(b) State whether the following statements are True or False (any seven):

(7)

1. In the NPV method, the discounting rate is assumed to have known to the evaluator.
2. Inter firm analysis is used to compare the financial figures of two firms from the different industry and different period.
3. In the periods of boom and depression more working capital is required than the other stages of cyclical fluctuations.
4. Discounted payback period is a variation of payback period which accounts for time value of money by discounting the cash inflows from a project.
5. A high payout firm gives more current dividends but has less retained earnings.
6. The cash conversion cycle cannot be negative.
7. In a stock split the par value per share is reduced and the number of shares is increased proportionately.
8. Owned funds is an internal source of finance.
9. Bank overdraft= Current liabilities – Quick liabilities.
10. Debt service ratio= PBIT/Interest.

Q.2: The following are the particulars of Vijay & Company for the year 2016-17. Calculate the Working capital estimate for an annual sales of 78,000 units. (15)

a. Cost Sheet

Particular	Rs (per unit)
Raw Material	40
Wages	20
Overheads	30
Profit	30

- b. Production and Sales take place evenly throughout the year.
- c. Raw material is on eight weeks credit.
- d. Raw material remains in stock for eight weeks.
- e. Processing period is of two weeks, wherein Raw material, Wages and Overheads accrue evenly.

- f. Finished Goods remain in stock for Ten weeks.
- g. Customers are given 9 weeks credits.
- h. Time lag in payment of wages is four weeks.
- i. Time lag in payment of Overheads is Two weeks.
- j. Cash and Bank balance is maintained at Rs 1,05,000.
- k. Calculate Debtors on Sale.

OR

Q.2: Radhika Manufacturing Limited presents the following information for 2016-17. (15)

Estimated Yearly production and sales = 60,000 units

Estimated Cost Element per unit.

Raw Material	Rs.5
Wages	Rs.3
Overheads	Rs.2
Selling Price	Rs.12

Further Information -

- a. The company extends two months credit to the debtors.
- b. The company maintains one month's stock of Raw material.
- c. The company maintains one month's stock of Finished Goods.
- d. The Processing period is one month.
- e. The company is allowed two months credit by Suppliers.
- f. Wages and Overheads are paid one month in Arrears.
- g. The Cash and Bank balance is expected to be equal to Rs. 25000/-.
- h. There is a regular purchase, production and sales cycle.
- i. During the production process wages and overheads accrue evenly.
- j. Debtors are to be calculated on a Cost basis.
- k. 20% of the customers pay one month in advance.

Prepare a statement showing an estimate of working capital

Q.3: Following information is available relating to Quick Ltd. And Slow Ltd. (15)

Particulars	Quick Ltd. (Rs. In Lakhs)	Slow Ltd. (Rs. In Lakhs)
Equity Share Capital (Rs. 10 face value)	200	250
12% Preference Shares	80	100
Profits after Tax	50	70
Proposed Dividend	35	40
Borrowed Fund 15% Debentures	300	500
Market Price per Share	100	140

Calculate:

- (a) Earnings per share (b) P/E Ratio (c) Dividend pay-out ratio (d) Return on equity shares
- (e) Debt equity ratio (f) Interest coverage ratio.

Assuming Net Profit Ratio is 10%. Comment on policy of the companies. As an analyst inform the investor which of the two companies are worth investing.

OR

Q.3.(a) Being a Company Secretary you are asked to calculate the revised number of shares and Share Capital in for following companies using the information below: (8)

Sr. No.	Company	Existing Total Share Capital (Rs.) FV Rs. 1,000	Bonus Ratio	Stock Split Value per share
1	Laxmi Ltd.	45,00,000	2:1	Reduced to 500
2	Saraswati Ltd.	2,25,00,000	4:1	Reduced by 400
3	Durga Ltd.	75,00,000	8:2	Reduced by 800
4	Radha Ltd.	1,50,00,000	1:1	Reduced by 500

Note: Stock split was initiated after bonus issue.

Q.3.(b) Calculate Dividend Payout Ratio from the following data. (7)

Particulars	Manju Ltd.
Provision for Tax (25% of Net Profit)	Rs. 75,000
Number of Equity Shares	5,000
Total Equity Dividend	Rs. 1,00,000

The company also had 10% Preference share capital of Rs. 2,50,000. (FV Rs. 100 each)

Q.4: Following are the Profit and Loss account and Balance Sheet of L&T Ltd. (15)

Profit and Loss Account for the year ended 31st March, 2022

Particulars	Amount	Amount	Particulars	Amount
To Cost of Sales	30,000		By Sales	4,00,000
Opening Stock	3,00,000			
Add: Purchases	3,30,000			
	(50,000)			
Less: Closing Stock		2,80,000		
To Gross Profit c/d		1,20,000		
		4,00,000		4,00,000
To Expenses		20,000	By Gross Profit b/d	1,20,000
To Net Profit c/d		1,00,000		
		1,20,000		1,20,000
To Provision for Tax		40,000	By Net Profit b/d	1,00,000
To Dividend		20,000		
To Net Profit		40,000		
		1,00,000		1,00,000

Balance Sheet as on 31st March, 2022

Liabilities	Amount	Assets	Amount
Share Capital (Rs. 10 each)	2,00,000	Plant and Machinery	80,000
Reserve	10,000	Land and Building	20,000
Profit and Loss Account	30,000	Stock	50,000
Creditors	50,000	Debtors	80,000
		Cash at Bank	60,000
	2,90,000		2,90,000

Calculate the following ratios and comment:

- (a) Stock Turnover ratio (b) Debtors Turnover ratio
(c) Creditors Turnover ratio (d) Return on Capital Employed
(e) Return on Proprietor's Fund.

OR

Q.4: Following are 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	Amount	Particulars	Amount
To Opening Stock	2,00,000	By Sales	10,50,000
To Purchases	5,75,000	Less: Return	50,000
Less: Return	25,000	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		
	12,50,000		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 Sale of	1,250
To Discount Allowed	6,250	Investment	
To Interest	10,000		
To Bank charges	2,500		
To Depreciation	30,000		
To Loss on Sale of Assets	5,000		
To Income Tax	45,000		
To Net Profit	1,13,750		
	2,68,750		2,68,750

Calculate the following ratios and Prepare vertical Income Statement:

- a. Gross Profit Ratio
b. Operating Ratio
c. Net Profit Ratio (After Tax)
d. Operating Expenses Ratio
e. Stock Turnover Ratio

Q.5.(a) Distinguish between own funds and owed funds.

(8)

(b) Explain objectives of Management Accounting.

(7)

OR

Q.5. Write a short note on (any three):

(15)

- a) Contingent liability b) Money measurement concept c) Stock split
d) Window dressing e) Interim dividend