VCD 11/3/2020

CLASS : SYBBI Sub:- management A/c Time 2 ½ Hours

Sem : 3 Total marks : 75

Q.1 A) Match the column (Any8) (8 Marks)

Column A	Column B
1. Net Working Capital	a) Current liabilities
2. Quick Ratio	b) CA-CL
3. Outstanding Expenses	c) Acid- Test Ratio
4. Sources Of Fund	d) Reserves and surplus
5.Stock Split Up	e) Free of Cost
6. Bank overdraft	f)Reduction in par value of shares
7. Profit and loss A/C	g) Own fund + loan fund
8. Bonus shares	h) Non- Quick Liabilities
9. Goodwill	i) Fixed percent of dividend
10. Preference share	j)tangible fixed assets
	k) intangible fixed assets

Q.1 b) State whether the following statement are true or False: (Any 7)(7 Marks)

1. A balacesheet tallies because of the double entry system of accounting.
2. There is low cost, high risk and high profit in aggressive approach of working capital.
3. A high gearing ratio represents a high proportion of debt to equity.
4. Inter firm analysis is used to compare the financial figures of two firms from the different period.
5. In the NPV method, the discounting rate is assumed to have known to the evaluator.
6. Financial statements are reports prepared by a company's management to present the financial performance and position at a point in time.
7. Higher the stock working capital ratio, greater is the weakness of working capital.
8. Net working capital is known as Current Assets.
9. In the periods of boom and depression more working capital is required than the other stages of cyclical fluctuations.
10. Discounted payback period is a variation of payback period which accounts time value of money by discounting the cash inflows form a project.

Q2. A cost sheet of a company provides the following particulars: (15 Marks)

Element of cost	**Amount per Unit in Rs.**
Raw Material	80
Direct Labour	30
Overheads	60
Total Cost	**170**
Profit	30
Selling Price	200

The following further particulars are available:

1. Raw Materials are in stock on average one month
2. Materials are in process on an average half a month,
3. Finished goods are in stock on an average one month.
4. Credit allowed by suppliers is one month.
5. Credit allowed to debtors is two months;
6. lag in payment is one and half weeks.
7. Lag in payment of overhead expenses is one month.
8. One fourth of the output is sold against cash.
9. 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 1,04,000 units of production. Assume that production is carried on evenly throughout the year, wages and overheads accrue uniformly and a time period of 4 weeks is equivalent to a month.

OR

Q.2 The Board of Directors of Shaurya Ltd require you to prepare a statement showing the working capital requirements forecast for a level of activity of 1,56,000 units of production. The following information is available for your calculation: (15 Marks)

Particulars	**per unit (Rs)**
Raw Materials	90
Direct Labour	40
Overheads	75
Total	205
Profit	60
Selling Price Per Unit	265

a) Raw Materials are in stock on average one month.
b) Materials are in process, on average two months.
c) Finished goods are in stock, on average one month.
d) Credit allowed by suppliers – one month.
e) Time lag in payment from debtors – two months.
f) Time lag in payment of wages – 1 ½ months.
g) Lag in payment of overheads – one month.

20% of the output is sold against cash. Cash in hand and at Bank is expected to be Rs. 60,000. It is being assumed that production is carried on evenly throughout the year. Wages and overheads accrue similarly and a time period 4 weeks is equivalent to a month.

Q.3 A) **Authorised Capital:** (8 Marks)

Equity Shares: 1, 00,000 @ 100 each

Preference Share capital: 15 % redeemable preference shares @ 100 each.

18% Convertible Preference shares @ 100 each.

Issued Capital:

Equity Share: 30,000 shares @ 100 each, fully paid up ; 19,800 Equity shares of Rs. 100 each, rs.80 Called up and paid up. Amount received on 200 shares forfeited for non-payment of allotment and First call of Rs.30 and Rs.40 each, Final call was not made on those shares. Amount payable on application Rs. 10 per share.

Preference Share Capital: 15 % redeemable Preference Shares, 10,000 shares @100 each.

18 % Convertible Preference Shares, 20,000 shares @ 100 each.

How will this be shown in the working / schedules, assuming first year of operation?

B) Prepare Fixed Assets scheduled (7 Marks)

Name	Original Cost (Rs.)	WDV	Rate %
Land	3,10,000	3,10,000	-
Building	8,00,000	6,00,000	2.5 %
Plant& Machinery	10,00,000	5,00,000	10 %
Furniture	4,00,000	2,00,000	15 %
Vehicles	6,00,000	3,00,000	20 %

Depreciation is charged on the original cost.

OR

Q.3 C) Calculate the Market price of shares as per Walter Model and Gordon Model. (8 Marks)

Retention Ratio	50 %
Inter rate of return	20 %
Cost of Capital	16 %
Dividend per share	Rs.3
Earning Per share	Rs.5

Q.3 D)Being a Company secretary you asked to calculate the revised Share capital for following companies using the information below:(7Marks)

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

Q.4 Following are the Profit And Loss Account and Balance Sheet of L & T Ltd.

Profit and Loss Account for the year ended 31st December, 2004 (15 Marks)

Particulars	Amount Rs.	Amount Rs.	Particulars	Amount Rs.
To cost of sales			By Sales	4,00,000
Opening Stock	30,000			
Add: Purchases	3,00,000			
	3,30,000			
Less: Closing Stock	50,000			
		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 December, 2004

Liabilities	Rs.	Assets	Rs.
Share Capital (Rs. 10 each)	2,00,000	Plant and Machinery	80,000
Reserve and Surplus	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 Capital

OR

Q.4 Profit and Loss A/c for the year ended 31st March(15 Marks)

Particulars	2004 Rs.	2003 Rs.	Particulars	2004 Rs.	2003 Rs.
To Opening Stock	1,00,000	99,000	By Sales	3,47,000	2,71,450
To Purchase	1,98,000	1,40,000	Less: Sales Return	5,000	10,050
To Salaries	28,000	22,000		3,42,000	2,61,400
To Interest on Mortgage Loans	9,000	10,000	By Profit on sale of land	9,000	-
To Sales Expense	4,000	6,000	By Dividend	12,000	9,800
To Office Rent	16,000	14,000	By Closing Stock	62,000	1,00,000
To Loss on Sale of Plant	4,200	-			
To Loss by Fire	2,800	1,200			
To Depreciation	8,000	7,000			
To Goodwill W/F	10,000	10,000			
To Tax Provision	22,000	28,000			
To Prop. Dividend	20,000	30,000			
To Pref. Dividend	3,000	4,000			
	4,25,000	**3,71,200**		**4,25,000**	**3,71,200**

Prepare Vertical income statements Calculate the following ratios:

a) Stock turnover ratio.
b) Gross Profit ratio.
c) Operating profit ratio.
d) Net profit ratio.
e) Expenses ratio.

Q5 a) Discuss the legal aspects associated with dividend decision.(8 Marks)
b) Discuss the factors determine working capital requirements. (7 Marks)

OR

Q.5 Write Short Notes (Any3) (15 Marks)

1. Contingent liabilities.
2. Tools of financial analysis.
3. Balancesheet ratios
4. Operating Cycle.
5. Gordon Model.
6. Stock Split