Duration: 2.5 Hours. Total marks: 75

Figures to the right indicate marks. All Questions are compulsory.

Q.1. Match the Columns (any 8) (08)

1.	Stock Split up	-	Better future decisions
2.	Gordon Model	-	Idle funds
3.	Finished goods	-	Reduction in par value of share
4.	Window Dressing	-	Dividend policy
5.	ROI	-	Valuation of shares
6.	Four Part theory	-	Du pont approach
7.	Large Working capital	-	Cost of production
8.	CAPM	-	Rosy picture of financial statements
9.	Amortization	-	Working capital management
10.	Historic data	-	Spreading cost of fixed assets

Q.1(b) State whether the following statements are true or false. (Any 7) (07)

1. Budget contains the plan of management.
2. Information is data that has been processed in some way.
3. Current ratio includes stock and prepaid expenses.
4. Reserves constitute Net worth for a company.
5. Capital gearing ratio compares owned funds and borrowed funds.
6. Bonus shares are issued to equity share holders and preference share holders.
7. Acid test ratio represents quick ability of company to meet urgent monetary needs.
8. When capital employed is low in relation to its turnover it is called as Under-capitalization.
9. Stock velocity represents the capability of a company to convert its average stock into sales.

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10. Fluctuating working capital is determined on the basis of activity at a particular period of time.

Q.2. A) From the following information of Tisco Company ltd, prepare an estimated working capital statement. (15)

Raw material per Unit is Rs. 550 and Direct labour is Rs. 12,00,000 for a month.

Overall annual Overheads amount to Rs. 1,26,00,000. The company has a policy of calculating profit @ 20%on Selling price. Raw materials are maintained for 2 months.

Company processes the products for 1 month. Final Goods are kept for 1.5 months by the company.

Credit Allowed to 50 % customers are on the basis of Acceptance of bills and remaining customers are given 1 month's credit.

25% of overheads are paid one month in advance and balance is paid after a month.

Payment of wages is delayed by 1 month.

Out of total Suppliers 20% are paid in cash and rest provide 1.5 month's credit.

Cash Requirement is 15% of net working capital.

OR

Q.2. B) From the following information of Baleno ltd, estimate a working capital requirement for the year ending 31st March, 2017. (15)

The company produced 120 Speed Cars annually.

It requires Steel Body of about 1000 kgs per car at Rs. 70 per kg.

It needs 20 Kgs of Spare parts per car at Rs. 60 per Kg.

The car has an Engine costing Rs. 20,000.

Labour work for 50 Hours at Rs. 100 per hour.

Overheads for the company are Rs. 20,000.

Steel Body remains in stock for 2 months, Spare parts are kept for half month and Engine remains in stock for 1 month.

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Suppliers of Steel provide credit of 2 months, Suppliers of Spare parts allow us credit for 1 month and Engine is bought at credit for Half month.

Production process is for half month. Time lag in payment of Wages and overheads is 1 month.

Finished goods remain in stock for 1 month.

Q.3A. From the following particulars prepare a vertical Income statement and considering other information, calculate following ratios. (a)ROI (b) Operating profit Ratio. (c) Stock Turnover ratio. (d) Return on Proprietor's fund (e) Selling Expenses ratio. (15)

Particulars	Amount in Rs.
Owned Funds	3,00,000
Borrowed funds	45,000
Sales	4,00,000
Opening stock	45,000
Wages	1,00,000
Office rent	17,000
Interest on debentures	3000
Non-Operating Expenses	2000
Advertisement	6,000
Transport on Sales	4,000
Income tax	20,000
Closing Stock	95,000
Non-operating income	12,000
Purchases	2,20,000
Salaries	40,000

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OR

Q.3B. From the following particulars prepare a vertical Balance sheet and income statement and also calculate the following ratios. (a) Debtors Turnover ratio (b) Stock to working capital ratio. (c) Liquid ratio. (d) Return on capital employed (e) Capital gearing ratio. (15)

Particulars	Amt (Rs.)	Particulars	Amt (Rs.)
Equity Share capital	2,00,000	Reserves and Surplus	43,000
Preference share capital	1,00,000	Fixed assets	4,78,500
Debentures	1,50,000	Stock	32,500
Debtors	18,000	Provision for tax	35,000
Creditors	15,000	Proposed dividend	10,000
Cash	20,000	Sales	10,00,000
Bills receivable	12,000	COGS	7,50,000
Bank Overdraft	8,000	Operating expenses	1,38,000
Interest paid on debentures	12,000	Income tax paid	35,000

Q.4. (A) Following is the information of Starone Co. Ltd. (08)

Internal rate of return = 10 %

Cost of Capital = 10%

Earnings per share = Rs. 8

Calculate the value (market price) of the shares using Walter model when dividend payout is---

(i) 50% (ii) 75%

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Q.4 (B) Following is the balance sheet of Moon Ltd as 31st March 2018 (07)

LIABILITES	AMT (Rs.)	ASSETS	AMT (Rs.)
4000 Equity shares of Rs. 200 each,(Rs. 160 paid up)	6,40,000	Fixed Assets	6,00,000
Securities Premium Account	1,20,000	Current Assets	880,000
Capital Reserve	70,000		
General Reserve	1,00,000		
P/L account	3,00,000		
Creditors	2,50,000		
Total	14,80,000	Total	14,80,000

Convert the party paid up shares as fully paid up. For this purpose, P/L can be utilized for an extent of Rs. 1,00,000 and rest can be generated through Capital Reserve. Pass the required journal entries.

OR

Q4C. 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 - (08)

Sr.no	Company	Existing Total Share Capital (Rs) FV Rs 1000	Bonus Ratio	Stock Split Value Per share
1.	Laxmi Ltd	45,00,000	2:1	Reduced to 500 per share
2.	Saraswati Ltd	2, 25,00,000	4:1	Reduced by 400 per share
3.	Durga Ltd	75,00,000	8:2	Reduced by 800 per share

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4.	Radha Ltd	1,50,00,000	1:1	Reduced by 500 per share

Note – Stock split was initiated after bonus issue.

Q4D. Calculate Dividend Payout Ratio from the following data (07)

Particulars	Manju Ltd
Provision for Tax (25% of Net Profit)	Rs 75,000
No of equity shares	5000
Total Equity Dividend	Rs 100000

The Company also had 10% Preference Share Capital of Rs 250000. (FV Rs 100 each)

Q.5. (A) Explain SEBI Guidelines for issuance of bonus shares (08)

Q.5. (B) Explain functions of treasurer. (07)

OR

Q.5. Write short notes on any 3 out of 5. (15)

1. Controller
2. Parties interested in Financial Statements of the company.
3. Solvency ratio
4. Operating Cycle.
5. M & M approach

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