

Mgmt.

MALINI KISHOR SANGHVI COLLEGE OF COMMERCE & ECONOMICS

Time : 03 Hours

Total Marks : 100

N.B.

1. Figures in brackets to the right indicate full marks allotted to the question.
2. Working Notes should form part of your answers.
3. All questions are compulsory, although these are internal options in case of questions 02 to 05.
4. Use of simple calculator is allowed.

Q. 1A. Match the columns : (Any Ten)

(10)

Column A	Column B
1. Management Accounting	a) Total Current Assets
2. Trend Analysis	b) Non Quick Current Asset
3. Scrape value under capital budgeting techniques	c) A technique of Capital Budgeting
4. Gross Working Capital	d) Used for decision making
5. Current Assets less Current Liabilities	e) Fictitious Asset
6. Prepaid Expenses	f) Non Quick Current Liability
7. Securities Premium	g) Quick Ratio
8. Payback Period	h) Earliest year as base year
9. Preliminary Expenses	i) Fixed rate of interest
10. Bank Overdraft	j) Reserve
11. Test of liquidity	k) Added to last year's cash inflow
12. Debentures	l) Working Capital

Q. 1B State whether the following statements are TRUE or FALSE : (Any Ten) :

(10)

1. Net Working Capital means Total Current Assets.
2. The amount of working capital over and above the permanent working capital is temporary working capital.
3. Operating cycle = Raw materials + Work in Progress + Finished Goods + Debtors Creditors.
4. Cash flow and Accounting Profit are different.
5. There is a time element involved in Capital Budgeting.
6. Capital Budgeting decisions are long term decisions.
7. Liquid Ratio is used to determine the company's long term solvency.
8. A higher Debt Equity Ratio indicates a safer financial position of the company.
9. Outsiders contribution is not included in Proprietors Fund.
10. Revenue Statement indicates operating performance of a company.
11. In Trend Analysis, the trend of each item is calculated on the basis of sales of the Base Year.
12. Owners Fund and Borrowed Fund are two constituents of Total funds of a company.

Q.2A.

(20)

From the following details of A Ltd. prepare a Comparative Balance Sheet in vertical form suitable for analysis.

M/s A Ltd.

Particulars	Year ended 31-03-2021 ₹	Year ended 31-03-2022 ₹	Increase / (Decrease) ₹	% Increase / (Decrease) %
Share Capital	6,50,000	?	40,000	?
Reserve and Surplus	2,50,000	2,00,000	?	?
Debentures	1,50,000	?	(50,000)	?
Current Assets	?	3,00,000	40,000	?
Long Term Investment	?	?	10,000	10
Current Liabilities	?	2,00,000	(10,000)	?
Fixed Assets	?	?	?	?

OR

Q.2B.

(20)

Q Ltd. is considering the purchase of a machine. Two machines Alpha and Beta are available. From the following details calculate & advise which machine will be selected.

1. Pay Back Period
2. Net Present Value @ 10% discount factor.

Year	Cash Inflow (₹)		PV @ 10% (of ₹1)
	Machine - Alpha	Machine - Beta	
1	85,000	75,000	0.909
2	87,000	97,000	0.826
3	90,000	1,27,000	0.751
4	92,000	1,48,000	0.683
5	1,00,000	98,000	0.621
6	1,22,000	96,000	0.564
7	1,00,000	90,000	0.513
8	78,000	70,000	0.467
Cost of Machine	₹ 2,88,000	₹ 3,33,000	
Scrap Value	₹ 8,000	₹ 3,000	

Q.3A.

(20)

From the following Income Statements of Y Ltd. Prepare the Trend Income Statement in vertical form suitable for analysis.

Particulars	31-03-2016	31-03-2017	31-03-2018	31-03-2019
Sales	75,000	90,000	1,08,000	1,29,600
Less : Cost of Goods Sold	48,000	57,000	69,000	84,000
	27,000	33,000	39,000	45,600
Less : Operating Expenses				
Selling Expenses	7,500	9,000	6,000	12,960
Establishment Expenses	4,500	5,250	10,800	6,750
Interest on Loan	4,500	6,000	7,500	9,000
Depreciation	7,500	6,750	9,000	9,750
Profit before tax	3,000	6,000	5,700	7,140
Less : Provision for Income Tax	1,200	3,000	2,775	3,600
Profit after tax	1,800	3,000	2,925	3,540

OR

Q.3B.

(20)

Following is the Balance Sheet of M/s XY Ltd. as on 31st March, 2022.

Liabilities	₹	Assets	₹
Equity Share Capital (Equity Shares of ₹ 3 each)	3,00,000	Goodwill	40,000
5% Preference Share Capital	2,00,000	Land and Building	3,60,000
Securities Premium	10,000	Plant and Machinery	88,000
General Reserve	1,20,000	Furniture	6,000
Profit and Loss Account	34,000	Marketable Investments	1,60,000
11% Debentures	1,00,000	Sundry Debtors	1,40,000
Bank Loan	70,000	Inventory	1,20,000
Bank Overdraft	40,000	Prepaid Expenses	10,000
Provision for Taxation (current year)	20,000	Cash at Bank	80,000
Sundry Creditors	1,20,000	Preliminary Expenses	10,000
	10,14,000		10,14,000

Other details for the year ended 31st March 2022 are as under :

Sales - ₹ 13,00,000 (80% on credit)

Net Profit Before Tax - ₹ 2,00,000

Purchases - ₹ 6,60,000 (80% on credit)

Calculate :

1. Quick Ratio
2. Debt Equity Ratio
3. Creditors Turnover Ratio
4. Debtors Turnover Ratio
5. Return on Capital Employed Ratio
6. Net Profit After Tax Ratio
7. Debt - Service Ratio.

Q.4A.

(20)

The following information is available from the records of SMR Ltd. for the year ending on 31st March, 2022.

Cost Structure	Rate per unit (₹)
Raw Materials	90
Direct Labour	40
Overheads	80
	210
Profit	30
Selling Price	240

The following further information is as under :

- Raw materials are in stock on an average of two months.
- Materials are in process for one month.
- Finished goods remain in stock on an average for one month.
- Time lag in payment of wages and overheads is half a month.
- Credit allowed to debtors is two months and credit allowed by suppliers is one month. (Debtors are estimated at selling price).
- 20% of the output is sold against cash and balance on credit.
- The company keeps a cash balance of ₹ 2,00,000.
- Margin of safety required is 10%.
- Units manufactured 1,50,000 for the year.

Prepare a statement showing the working capital requirement of SMR Ltd. for the year ended 31st March, 2022.

Operations are evenly spread throughout the year. Expenses accrue similarly.

OR

Q.4B.

(20)

From the following details of K Ltd., prepare a statement of working capital requirements for the year ending 31st March, 2022.

- It is anticipated that production and sales during the year would be 5,000 units.
- The selling price will be ₹ 200 per unit.
- The expected elements of cost of selling price would be
Raw materials 60%
Wages 10%
Overheads 15%
- Raw material will be carried in stock equal to 3 weeks consumption.
- The finished goods will be carried in stock equal to 6 weeks production.
- 70% of sales will be on credit and credit period would be on an average 6 weeks.
- The suppliers of raw materials will give credit of 3 weeks.
- Time lag in payment of wages and overheads will be 3 weeks.
- Cash and Bank balance will be maintained at ₹ 25,000.
- Debtors are to be valued at selling price.
- Company works for 50 weeks in a year.
- All activities are evenly spread during the year.

Q.5. Answer the following :

(20)

- What is working capital? Explain the factors determining working capital requirements.
- Explain all Balance Sheet Ratios.

OR

Q.5. Write Short Notes on any four of the following :

(20)

- Classification of Current Assets
- Common Size Financial Statements
- Gross Profit Ratio
- Accounting Rate of Return Method
- Gross Working Capital and Net Working Capital
- Features of Capital Budgeting Decisions.

