

FYCFM)

mgz. A/C

TIME : 2 hrs.

march 09

## APERTURE

MARKS : 60

- Instruction :** 1) All questions are compulsory  
2) Figures to the right indicate full marks.

Q.1 A) X Ltd. presents you the following Balance Sheet as at 31st March, 2005.

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Liabilities	Rs.	Assets	Rs.
2500 Equity shares	25,000	Fixed Assets	43,750
8% Preference share	-	Investment	12,500
Capital	5,000	Stock	15,000
Reserve Fund	20,000	Sundry Debtors	6,750
6 % Debentures	10,000	Bank Balance	3,500
Sundry Creditors	15,000	Priliminary Expenses	4,000
Provision for tax	2,500		
Profit & Loss A/C (after tax)			
Previous year	500		
Current year	7,500		
	85,500		85,500

Additional Information :

Tax provided during the current year Rs.2,500. Calculate the following ratios -

- a) ROCE,      b) Current Ratio,      c) Earning per share  
d) Return on Proprietors funds      e) Proprietary Ratio.

B) Write a note on functions of management accounting -

05

OR

Q.1 A) From the following balance sheet and other information given , prepare :

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- 1) Statement of changes in working capital  
2) the funds flow statement of Y Ltd. for the year 2004.

Liabilities	31-12-2003	31-12-2004	Assets	31-12-2003	31-12-2004
Equity Share Capital	3,00,000	4,00,000	Goodwill	55,000	50,000
General Reserves	50,000	60,000	Land & Building	1,50,000	1,42,500
P & L A/C	3,000	4,000	Plant & Machinery	80,000	2,00,000
Creditors	35,000	45,000	Inventories	1,06,000	1,38,500
Bills Payable	20,000	18,000	Debtors	45,000	51,000
Proposed Dividend	30,000	40,000	Bills Receivable	25,000	12,000
Provision for tax	35,000	40,000	Cash at Bank	12,000	13,000
	4,73,000	6,07,000		4,73,000	6,07,000

During the year 2004, Rs.7,500 was charged as depreciation on land & building and Rs.20,000 as depreciation on Plant & Machinery.

During 2004, Dividend of Rs.30,000 and income tax of Rs.25,000 in respect of 2003 was paid, Rs.5000 was written off against goodwill during the year 2004.

B) Distinguish between Cash Flow statement &amp; Fund flow statement. 05

Q.2 A) A factory produces 96,000 units during the year and sells them for Rs.50 per unit. Cost structure of a product is as follows :-

Raw Materials	60%
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The following additional information is available :

1. The activities of purchasing, producing and selling occur evenly throughout the year.
2. Raw materials equivalent to 1 month supply is stored in godown.
3. The production process takes 1 month.
4. Finished goods equal to three month's production are carried in stock.
5. Debtors get 2 months credit.
6. Creditors allow 1½ months credit.
7. Time lag in payment of wages and overheads is ½ month.
8. Cash & Bank Balance is to be maintained at 10% of the working capital.
9. 10% of the sales are made at 10% above the normal selling price.

Draw a forecast of working capital requirement of the factory. 10

B) Write a short note on Credit Analysis. 05

**OR**

Q.2 A) Prepare monthly forecast of cash for Raja Ltd. for the quarter ended 31st December, 2007 from the following information. 10

1. Opening balance as on 1st October, 2007 Rs. 52,000.
2. The Budgeted and actual sales were Rs.1,00,000 each for August and September, October Rs.1,20,000, November Rs.1,35,000 and December, Rs. 1,40,000, 30% of sales were for cash and out of balance, 50% in subsequent month of sale and 50% in the second month subsequent to month of the sale
3. Dividend on investments is being declared on 20th December, 2007 amounting to Rs.1,200.
4. Machinery sale in month of December 2007 Rs.15,000.
5. Material worth Rs. 40,000 each is being purchased in August and September, 50% of which is payable on 1st October, 2007 and proposed purchases for quarter October to December evenly spread out is Rs.1,50,000. Vendors offer 5% discount for cash payments. It is decided to maintain cash balance at Rs.10,000 each month and the balance to be utilise for payment to vendors.
6. Wages are expected to be Rs.12,000 per month payable a month in arrear
7. Manufacturing expenses payable in the month incurred Rs.15,000 per month.
8. General selling expenses are expected to be Rs.5,000 p.m.
9. Machine costing Rs.55,000 is proposed to be purchased for cash in December.

B) Explain the steps involved in credit analysis in detail. 05

Q.3 A) A company wants to buy a machine. There are two alternative models C and D

i) The relevant particulars are as under :

Particulars	Model C	Model D
Cost of Machine	Rs.80,000	Rs.1,20,000
Life of Machine	4 years	4 years

ii) Company provides depreciation on straight line method.

iii) Profit after tax for 4 year is as under :-

Year	Model C	Model D

You are required to calculate.

- i) Pay Back Period (ii) Pay Back Profitability 05  
 B) What are the merits and demerits of internal financing? 10

**OR**

- Q.3 A) A Company needs Rs.12 lakhs for the installation of a new factory which would yield an annual EBIT Rs.2,00,000. The company has the objective of maximizing the earning per share. It is considering the possibility of issuing equity shares plus raising a debt of Rs.2,00,000, Rs.6,00,000 or Rs.10,00,000. The current market price per share is Rs.40 which is expected to drop to Rs.25 per share if the market borrowings were to exceed Rs.7,50,000.

Cost of borrowings are indicated as under :

Upto Rs.2,50,000	10% p.a.
Between Rs.2,50,001 and Rs. 6,25,000	14% p.a.
Between Rs.6,25,001 and Rs.10,00,000	16% p.a.

Assuming a tax rate of 50% workout the EPS and the scheme which would meet the objective of the management. 1

- B) Write a short note on preference shares. 0  
 Q.4 a) From the following information of S Ltd. and G Ltd. compute Operating Leverage, Financial Leverage and combined leverage and comment on the impact on the shareholder's wealth. 1

	S Ltd. (Rs)	G Ltd.(Rs)
Equity Shares of Rs.10 each	20,000	10,000
10% Debentures	90,000	90,000
Total capital Employed	1,10,000	1,00,000
Sales	2,00,000	1,80,000
Less : Variable Cost	1,00,000	90,000
Contribution	1,00,000	90,000
Less : Fixed Cost	50,000	50,000
EBIT	50,000	40,000
Less : Interest	9,000	9,000
EBT	41,000	31,000

- B) A deposit of Rs.10,000 is made to earn interest @ 12% p.a. Find out the future value of this deposit if the computing period is ( )  
 a) Annually b) Half - Yearly c) Quarterly d) Monthly

**OR**

- Q.4 A) Explain the importance of leverage. ( )  
 Distinguish between Operating and Financial leverage. ( )  
 B) Calculate the value 5 years hence of deposit of Rs.10,000 made today if the interest rate is : (a) 8% (b) 10% (c) 12% (d) 15% ( )