

Q1A. Match the Column (any 08)

(08)

A	B
1. Prepaid Expenses	a. Current Assets
2. Mines	b. Wasting Assets
3. Hedging Approach	c. Off selling Transactions
4. Blue Chip companies	d. Low dividend yield
5. Accounts Receivable	e. Aging Schedule
6. Debt to service ratio	f. Solvency Ratio
7. Reserves and Surplus	g. Shareholder's Fund
8. Conservative Approach	h. Risk is minimized
9. Quick Ratio	i. Acid Test Ratio
10. Outstanding Expenses	j. Current Liabilities

Q1B.

True- 1,2,3,4,7,8,10

False – 5,6,9

Q2. G.M. Company's Statement of Working Capital requirement.

A	Current Assets	Time Period		Capital Requirement	Rs
1	Stocks	weeks			
	Raw Material	4	200	$1200 \times 12/52 \times 4 \times 200$	2,21,538.46
	Work in progress			$1200 \times 12/52 \times 2 \times 200 = 110769.23$	
				$1200 \times 12/52 \times 2 \times 75 \times .5 = 20769.23$	
		2		$1200 \times 12/52 \times 2 \times 50 \times 0.5 = 13846.15$	1,45,384.61
	Finished goods	2	325	$1200 \times 12/52 \times 2 \times 325$	1,80,000
2	Debtors	3	500	$1200 \times 12/52 \times 3 \times 500 \times 0.9$	3,73,846.15
				Total CA (Excluding Cash)	9,20,769.22
B	Current Liabilities				
1	Creditors	2	200	$1200 \times 12/52 \times 2 \times 200$	1,10,769.23
2	Outstanding Wages	1	75	$1200 \times 12/52 \times 1 \times 75$	20,769.23
3	Outstanding Overheads	1	50	$1200 \times 12/52 \times 1 \times 50$	13,846.15
				Total CL	1,45,384.61
				A-B	7,75,384.61
				Add Cash	86,153.85
				NET W. Cap	861538.4556

OR

Q2.

A	Current Assets	Time Period		Capital Requirement	Rs
1	Stocks	Months			
	Raw Material	3	200		12,00,000.00
	Work in progress	2		800000	
				250000	
				150000	12,00,000.00
	Finished goods	1	400		8,00,000
2	Debtors	2	400		8,00,000.00
				Total CA (Excluding	40,00,000.00
B	Current Liabilities				
1	Creditors	1	200		3,60,000.00
2	Outstanding Wages	1	125		2,50,000.00
3	Outstanding Overheads	1	75		1,50,000.00
				Total CL	7,60,000.00
				A-B	32,40,000.00
				Add Cash	3,60,000.00
				NET W. Cap	3600000

Q3A. Revised Balance Sheet

Liabilities	Rs.	Assets	Rs.
Issued subscribed and Paid Up.		Fixed Assets	10,00,000
Equity shares of Rs. 100 each fully paid up	7,50,000	Investments	3,00,000
Securities Premium A/c (1,60,000-110000)	50,000	Current Assets	2,00 000
Revaluation Reserve	5,00,000		
General Reserve (10,000-10,000)	nil		
P & L A/c(30,000- 30,000)	nil		
Trade Payable	2,00,000		
	15,00,000		15,00,000

Q3B.

$$P_o = D_1 / K_e - g$$

$$= 12.6 / 21 - 5$$

$$= \text{Rs } 78.75$$

Sr.no	Company	Existing Total Share Capital (Rs) FV (100)	% of Preference Share Capital from total Share Capital	Equity Capital (Rs)	Bonus Ratio (Issued : Held)	Bonus Shares
1.	Suraj Ltd	100,00,000	0%	100,00,000	1:4	25,00,000
2.	Vishal Ltd	50,00,000	20%	40,00,000	3:6	20,00,000
3.	Manju Ltd	75,00,000	50%	37,50,000	1:2	18,75,000
4.	Meena Ltd	125,00,000	10%	1,12,50,000	1:1	1,12,50,000

Q3D.

07

Sr.No	Name of Company	Share Capital	Stock Split	Face Value	Revised No of Shares	Share Capital
			to (Value per share)			
1.	Jay Ltd	2,00,00,000	85	100	235294.1176	2,00,00,000
2.	Lovely Ltd	1,00,00,000	90	100	111111.1111	1,00,00,000
3.	Max Ltd	50,00,000	5	10	100000	50,00,000
4.	Sultan Ltd	25,00,000	5	10	50000	25,00,000
5.	Vedanta Ltd	3,00,00,000	75	100	400000	3,00,00,000
6.	Kaira Ltd	25,00,000	8	10	312500	25,00,000
7.	Taira Ltd	1,00,00,000	50	100	200000	1,00,00,000

Q4 Ratios – Gross Profit and Current Ratio – 1.5 MARKS Each while others 3 marks each

Q4	Manju Ltd	Formula		
1	Inventory Turnover Ratio	COGS/AVG Stock	3,20,000/50,000	6.4
2	Gross Profit Ratio	Gross Profit/ Net Sales *100	2,80,000/6,00,000*100	46.66666667
3	Operating Ratio	COGS+ Operating Exp/ Net Sales *100	320000+140000/6,00,000*100	76.67
4	Current Ratio	Current Asset/ Current Liabilities	190000/200000	0.95
5	Proprietary Ratio	Proprietors funds/ Total assets *100	4,80,000/7,20,000	0.67
6	Liquid Ratio	CA- Stock / CL - Bank Overdraft	1,30,000/1,00,000	1.3

Ratios – Avg Credit and Collection Period – 1 mark each while others 2 each. Comments – 3 marks

Q4	Kiara Ltd			
	Formula			
1	Current Ratio	Current Asset/ Current Liabilities	50,00,000/20,00,000	2.5
2	Liquid Ratio	CA- Stock / CL - bank overdraft	10,00,000/18,00,000	0.55
3	Creditors Turnover Ratio	Credit Purchases /Avg Crs +B/P	45,00,000/15,00,000	3
4	Average Credit Period	12/ Creditors Turnover Ratio		4 months
5	Debtors Turnover Ratio	Credit Sales/Avg Drs + B/R	64,00,000/8,50,000	7.52
6	Avg Collection Period(Credit to Drs)			1.59 months
7	Stock Turnover Ratio	COGS/ Avg Stock	48,00,000/40,00,000	1.2