

SYBBI

Nov 2017

Sem III

UNIVERSITY PAPER

S.Y.B.B.I

SEM-III

NOV.-2017

Q.P. Code : 23264

(2½ Hours)

[Total Marks : 75

- N.B. : (1) All the question are compulsory.
(2) Figures to the right indicate total marks assigned to the question.

1. (A) Fill in the blanks with appropriate words (Any Eight) :

8

- (1) _____ is a system where there is exchange of funds or transfer of money from the area of surplus to the area of deficit.
(a) Financial System (b) Primary Markets
(c) Commonly Markets (d) Derivative Markets
- (2) _____ was established on April, 1935 in accordance with the provisions of Reserve Bank of India Act, 1934.
(a) RBI (b) SEBI
(c) MUF (d) MCX
- (3) _____ is the financial asset that derives its value from an underlying asset.
(a) Commodity (b) Foreign Exchange
(c) Derivative (d) Fixed Income Security
- (4) _____ are investors who earn from discrepancy in prices between the two exchanges or between two different maturities of the same commodity.
(a) Speculators (b) Arbitrageurs
(c) Brokers (d) Hedgers
- (5) _____ are defined as the markets where securities / shares which are initially issued by companies are traded.
(a) Secondary markets (b) Primary market
(c) Commodity markets (d) Derivative market
- (6) _____ means admission of securities to dealings on a recognized stock exchange.
(a) Listing (b) Delisting
(c) Trading (d) Fundamental Analysis

TURN OVER

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(7) Securities Exchange Board of India (SEBI) was established in the year _____.

- | | |
|----------|----------|
| (a) 1990 | (b) 1993 |
| (c) 1988 | (d) 2000 |

(8) The debt market is also termed as _____.

- | | |
|-----------------------------|-------------------------|
| (a) Equity Market | (b) Commodity Market |
| (c) Foreign Exchange Market | (d) Fixed Income Market |

(9) _____ analysis is the forecasting of future financial price movements based on examination of past price movements.

- | | |
|-----------------|----------------|
| (a) Fundamental | (b) Industrial |
| (c) Technical | (d) Economic |

(10) _____ are issued by commercial banks at a discount on face value.

- | | |
|-----------------------|--------------------|
| (a) Share | (b) Treasury Bills |
| (c) Commercial Papers | (d) CD's |

(B) State whether following statements are **True** or **False (Any Seven)** :

7

- (1) At Present, the Govt. of India issues three types of treasury bills through auctions namely 91 days, 182 days and 364 days.
- (2) Private sector companies issue commercial papers and corporate debentures.
- (3) SEBI is the regulator of Indian Mutual Fund Industry.
- (4) A company issuing shares to small group of investors is called IPO.
- (5) Exchange Traded derivatives are traded through Central Exchange with publicly visible prices.
- (6) Indian Commodity Exchange Limited is deemed recognized stock exchange under SCRA, 1956.
- (7) NSE launched electronic screen based trading in 1994.
- (8) The structure of Indian Financial system during the pre-independence era was that of modern economy.
- (9) Interest rate swaps provide a way for business to hedge their exposure to changes in Exchange rate.
- (10) PFRDA was established by the Govt. of India on 23rd August, 2003.

TURN OVER

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2. (A) Discuss in brief the structure of Indian Financial System. 08
 (B) State the features of Financial System. 07
 OR
 (C) Discuss the various instruments in Money Market. 07
 (D) Write a note on Book Building. 08
3. (A) State the structure of debt market. 08
 (B) Explain the various functions of stock exchange. 07
 OR
 (C) Explain the role of merchant bankers in primary market. 07
 (D) What are the features of commodity market. 08
4. (A) Explain the various intermediaries in Capital Market along with role and function. 07
 (B) State the various participants in derivative market. 08
 OR
 (C) Explain the concept of risk management along with its process. 08
 (D) List out the commodity exchanges in India. 07
5. Write short notes (Any Three) : 15
 (1) ASBA.
 (2) Securities Contracts (Regulation) Act, 1956.
 (3) Types of Derivatives.
 (4) Fee based Financial Services.
 (5) Technical Analysis.
-

Q.P. Code :22353

[Time: 2:30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B:
1. All questions are compulsory.
 2. Figures to the right indicate full marks.
 3. Use of simple calculator is allowed.

Q.1 a. State whether True or False from the following (any 8) 08

1. The first year of a newly set up business can be less than 12 months.
2. Agriculture income is taxable from tax.
3. Past untaxed profits brought into India is not taxable.
4. Deduction u/s 80E is applicable for Mediclaim.
5. Minor's income which is clubbed with that of his parent is exempted up to Rs.5,000.\
6. The quantum of maximum deduction allowed u/s 80 U is Rs.1,50,000.
7. Income which accrue or arise outside India & also received outside India is taxable in case of NRI.
8. Any gift received by an individual from his relative is fully exempt.
9. For computing lottery income, the assessee shall be entitled to any deduction for purchase of lottery tickets.
10. If the assessee does not satisfy the basic condition, he will be treated as a Resident of India.

b. Match the column (any 7) 07

Column A	Column B
1. 1,50,000	a) A.Y.
2. Medi claim	b) P.Y
3. Interest on higher education	c) 80C
4. 2017-18	d) 80D
5. Maximum Rs. 10,000	e) 80E
6. 2016-17	f) 80TTA
7. Company	g) Mr. A
8. HUF	h) Reliance Industries
9. Individual	i) ABC CA firm
10. Firm	j) Joint Family of Mr Ram, his wife and two daughters

Q.2 Mrs Asha is an employee of Tata Industries Ltd. She furnishes the following information for the year ended 31st March, 2017. 15

Particulars	Amount
Basic Salary	55,400 per month
Tax Deducted at Source:	5,000 per month
Professional Tax	2,500
Bonus received	96,000
Conveyance allowance received (Exempt u/s 10@ Rs.600 per month)	1,200 per month
Loan from employer for son's marriage	1,00,000

Q.P. Code :22353

House Rent Allowance (paid Rs.6,000 p.m)	7,500 per month
Dearness Allowance	2,500 per month
Education Allowance (exempt Rs.100 p.m)	300 per month
Commission received	20,000

Compute his Net Taxable Income from the head Salary for the Assessment Year 2017-18.

OR

a. Mr Sandeep has earned the following income during the p.y ended 31st March,2017

08

Interest on bank account in London	Rs.33,000
Income received from agriculture land in Nepal	Rs.86,000
Dividend Income from Co operative Society from India	Rs.74,000
Salary earned and received in France	Rs.12,700
Dividend from a foreign company received in U.K	Rs.10,000

Compute his total income assuming: he is Resident and Ordinarily Resident and Non Resident.

b. Mr. X, who was born and brought up in India and a Indian Citizen, went for further studies to USA on 1st March, 2007 and came back to India on 15th December 2016 and since then he is in India. Determine his residential status for the A.Y. 17-18. Give explanation for your answer.

07

Q.3 Mr. Akash is the owner of two houses:

15

Particulars	House 1	House 2
Municipal Value	4,20,000	3,50,000
Fair Rent	4,30,000	3,80,000
Municipal taxes paid	10,000	10,000
Interest on housing loan for house no.1 was outstanding	49,000	1,55,000
Rent received	Self occupied	3,60,000

OR

a. Mr A sold a residential building at Pune for Rs.35,15,000 on 1-10-2016. The building was purchased for Rs.1,65,000 on 1-6-1996 and improvement was done in March 2001 at Rs.1,50,000. He invested Rs.7,50,000 in purchase of a residential building in December 2016. Compute Taxable Gain for the assessment year 2017-18 if CII for 2016-17 is 1125, CII for 2000-2001 is 406 and CII for 1996-1997 is 305.

08

b. Mr Rahul, submit the following particulars of his income for the assessment year 17-18 07

Particulars	Amount
Dividend from Tata and Co	28,900
Gift from the friend on the occasion of Birthday	72,000
Interest from Bank Fixed Deposit	56,000
Agriculture Income	92,000
Interest from NSC	52,000
Income from agriculture in Pakistan	35,900

Compute his taxable income under the head income from other source.

Q.4 Mr. Shah provides the following profit and loss account for the year ended 31st March, 2017. Profit and loss account for the year ended 31st March, 2017.

15

Particulars	Rs.	Particulars	Rs.
To Salaries	2,60,000	By gross profit	14,34,000
To Electricity	68,000	By Income Tax refund	38,000
To printing	50,000	By gift from Father	35,000
To Entertainment	1,00,000		
To Advertisement	46,000		
To Motar car Expenses	60,000		
To Drawing	1,20,000		
To embezzlement by employee	14,000		
To staff welfare Expenses	1,40,000		
To Sales tax	30,000		
To Depreciation	70,000		
To Income tax	32,000		
To Net Profit	5,17,000		
	15,07,000		15,07,000

Additional Information:

1. Depreciation as per Income tax rules is Rs.54,000.
2. Staff welfare expenses include Rs.40,000 for his own medical premium.
3. Salary includes salary paid to his son Rs.15,000.
4. Printing includes Rs.5,000 paid for printing marriage for his daughter marriage.

OR

Mr. Amir provides you the trading and profit and loss account for the year ended 31st March.

Particulars	Rs.	Particulars	Rs.
To Opening stock	1,45,000	By Sales	50,00,000
To Purchase	35,24,600	By Closing Stock	1,50,000
To Salaries	3,14,000	By Gift from Father	35,000
To Electricity	68,000	By Interest from Fixed Deposit	25,000
To Rent	1,50,000		

To sundry expenses	1,15,000		
To Advertisement	22,000		
To Repairs	60,700		
To Depreciation	4,20,000		
To LIC paid of Mr. Amir	14,000		
To staff welfare Expenses	25,600		
To Sales tax	11,000		
To Drawing	70,000		
To Income tax	1,40,000		
To Net Profit	1,40,000		
	52,10,000		52,10,000

Additional Information:

1. Depreciation as per Income tax rules is Rs.4,54,000.
2. Repairs expenses include Rs.11,000 for his own house.
3. Salary includes Rs.25,000 paid in cash.

- Q.5
1. Explain deduction u/s 80TTA
 2. Agriculture Income

08
07

OR

Write Short note (any 3)

1. Short term Capital Gain
2. Deduction from Income from Other sources
3. Basic Condition for Resident and not Ordinary Resident of India.
4. List out Income Exempt from Tax
5. Deduction from Business and Profession

15

Q. P. Code: 22155

Time: 2Hrs.30Min.

Max. Marks: 75

**Instructions: (a) All questions are compulsory subject to internal choice.
(b) Figures to the right indicate full marks.**

Q.1 Answer any Eight from the following:

[08]

A Match the following

A	B
1. Venture capital	a. Long term source of finance
2. Treasury bill	b. Bonus issue
3. Preference share capital	c. objective of F.M
4. Equity	d. Stable dividend policy
5. Stock dividend	e. Hybrid financing
6. Profit maximisation	f. Short term money market instrument
7. Constant payout	g. Expensive source of financing
8. Financial goals	h. Durand
9. NI Approach	i. Considers time value of money
10. Profitability Index	j. Quantitative

B Fill in the blanks (Answer any Seven):

[07]

1. Standard debt equity ratio is _____.
2. Finance function is performed in all the _____.
3. Agency cost includes _____ cost
4. _____ analysis the value of a unit of money of different time
5. _____ helps the investor to decide the return on investment
6. _____ are very risky
7. NPV considers _____ of money.
8. Retirement compensation is treated as _____.
9. Capital rationing is selection of investment proposal under _____.
10. Capital structure decisions are taken in view of the purpose of _____.

Q.2 Sun Ltd. is considering three proposals for its capital expenditures:

A. The total expenditure is budgeted as Rs. 70,00,000. Rs. 30,00,000 has been utilised for certain expansion plans. The balance Rs. 40,00,000 needs to be allocated amongst any two of the following proposals. Tax rate is 30%. Evaluate the same with the help of Payback period. The details of the proposals are:

[15]

Details	Proposal A	Proposal B	Proposal C
Cost of the proposal (Rs.)	20,00,000	20,00,000	20,00,000
Expected life	5 years	6 years	4 years
Scrap Value (Rs.)	2,00,000	1,00,000	Nil
Annual Cash Flow before tax after depreciation	5,00,000	4,00,000	6,00,000
Additional working capital at the end of second year (Rs.)	2,00,000	75,000	1,25,000

OR

Q. P. Code: 22155

B. From the following details calculate:

- Net Present Value at discounting factor of 15%
- Profitability Index

[15]

Year	Annual Cash Flow Project A	Annual Cash Flow Project B	Annual Cash Flow Project C
Cash out flow	35,00,000	40,00,000	20,00,000
1	22,00,000	29,00,000	17,00,000
2	15,00,000	23,00,000	15,00,000
3	8,00,000	19,00,000	10,00,000
4	6,00,000	12,00,000	7,00,000

. Expected life of each project is 4 years. Also rank the projects.

Q.3

A. From the following Capital structure calculate overall cost of capital for ABC Ltd using

[15]

- Book value weights
- Market value weights

Source	Book Value (Rs.)	Market Value (Rs.)	After tax cost of different sources
Equity share capital	60000	90000	15%
Retained Earnings	20000	-	12%
Preference share capital	10000	30000	10%
Debentures	30000	60000	8%

OR

B. A ltd has the following capital structure as on 31st December,2016.

[15]

	Rs.
10% debentures	600000
9% preference share capital	400000
5000 equity shares of Rs.100 each	500000
	1500000

The Equity shares of the company are quoted at Rs.100 and the company is expected to declare a dividend of Rs.9 per share for 2016. The company has registered a growth rate of 5% which is expected to be maintained. The tax rate applicable to the company is 50%.

Calculate

- The weighted average cost of capital
- The revised weighted average cost of capital, if the company raises additional term loan of Rs.5,00,000 at 15%. In such a situation the company can increase dividend from Rs.9 to Rs.10 per share but the market price of the share will go down to Rs.90.

Q. P. Code: 22155

Q.4

AB company needs Rs. 5,00,00,000 for the construction of a new plant. The following three financial plans are feasible. [15]

- The company may issue 50,00,000 ordinary shares of Rs.10 each.
- The company may issue 25,00,000 ordinary shares of Rs.10 and remaining amount may be collected by issue of 2,50,000 debentures of Rs.100 each bearing an 8% rate of interest.
- The company may issue 25,00,000 ordinary shares @Rs.10 each and remaining amount as preference shares of Rs.10 each bearing an 8% rate of dividend. If the expected EBIT, which the company may earn is Rs.40,00,000 then suggest which capital structure alternative the company should select. Assume tax rate to be 50%.

OR

- A. From the following data, calculate the MARKET PRICE of a share of LSK Ltd., under (i) Walter's formula; and (ii) Dividend growth model. (08)

EPS = Rs. 150

DPS = Rs. 90

Ke = 20%

r = 30%

Retention ratio = 55%

- B. If Ocimum group has a choice of the following three financial plans. (07)
(Rs in Lakhs)

	Plan 1	Plan 2
Equity	30	10
Debt	10	30
EBIT	4	4

Interest @12% per annum on debts in all cases. Tax rate 25% . Comment which plan is more beneficial for the owners of the company on basis of its net earnings with appropriate justification.

Q.5

- A. What is venture capital? What are its features? (08)

- B. Explain factors determining dividend policy. (07)

OR

- C. Write short notes(any three)

1. Cost of capital

2. EAV

3. long term sources of finance

4. Time value of money

5. MM Approach

[15]

Q.P. Code : 23267

[Time: 2.30 Hours]

[Marks:75]

Please check whether you have got the right question paper.

- N.B: 1. All the question are compulsory
2. Figures to right indicate full marks .

- Q.1 A) Fill the blanks with appropriate words (any 8) 08
- 1) Co – operative banks have a ----- tire setup in India
 - a) One
 - b) Two
 - c) Three
 - 2) SBI act was passed to take over the -----
 - a) Imperial bank
 - b) The Bank of Bengal
 - c) Allahabad bank
 - 3) Project finance is one of the product of ---- banking
 - a) Corporate
 - b) Semi – corporate
 - c) Private
 - 4) Retail bank serves the needs of -----
 - a) Individual
 - b) Corporate
 - c) Government
 - 5) NEFT was introduced in -----
 - a) 2005
 - b) 2006
 - c) 2000
 - 6) ----- is not a valid document as per KYC norms
 - a) Passport
 - b) College ID
 - c) Licence

Q.P. Code : 23267

- 7) ----- in included in priority sector
- Corporate
 - Education
 - Agriculture

- 8) Sukanya shiksha is a welfare scheme for the -----
- Child
 - Girl child
 - Boy child

- 9) According to Rangarajan committee report on financial inclusion ----- % of former households are financially excluded
- 51.7
 - 73.2
 - 25.5

- 10) Merchant bank is a ----- based service
- Fund
 - Non fund
 - Remittance

B) State whether the following statements are True or false (any seven)

- Universal banking does not include commercial banking activities
- Portfolio manager has to register with SEBI
- Smart card is one of the delivery channels of bank service
- Without KYC account cannot be opened in bank
- NGO is one of the intermediates in microfinance
- SIDBI launched the micro credit scheme in 1994
- Under standup India working capital 10 an is given to SC/ ST women entrepreneurs
- Acting as Trustee is the primary function of bank
- There are three parties in Bill of exchange
- Accountant facility is given on saving

07

Q.2

- Define banking and explain the primary function of banking
 - Distinguish between commercial bank and co-operative banks
- OR
- Explain the banking reforms and its need
 - Explain the features of Negotiable Instrument

08

07

08

07

Q.3

- Explain the various services of merchant banking offered by banks
- Define retail banking what is the significance?

08

07

OR

ck

Q.P. Code : 23267

- C) Define ombudsman and explain power and duties of banking Ombudsman 08
- D) What do you mean by corporate banking explain its features 07

- Q.4
- A) What are the advantages and disadvantages of universal banking 08
 - B) What are the advantages of Bancassurance 07

OR

- C) Explain the following terms in detail 08
 - 1) POS terminal
 - 2) M-wallet

- Q.5
- Write short notes (any three)
- 1) Kisan credit cards 15
 - 2) SHG-2
 - 3) Wealth management
 - 4) Based III
 - 5) Principle of solvency

BBJ

Sy BBI 9/11/2017

Information Technology in Banking and Insurance I Pick

Q. P. Code : 22293

(2½ Hours)

(Total Marks : 75)

N.B. : (1) All questions are compulsory.
(2) From Q.2 to Q.5 do either 'A' or 'B'.

Q1A) Choose Correct Alternatives (Any 8)

(8mks)

- Which of the following describes e-commerce _____
a) Doing business electronically b) Doing business c) Sale of goods d) All of the above
- What does the VLOOKUP function do _____
a) Looks up text that contain 'v' b) Checks whether text is the same in one cell as in the next
c) Finds related records d) All of above
- Which of the following methods cannot be used to edit the content of cell _____
a) Pressing the Alt key b) Clicking the formula bar c) Pressing F2 d) Double clicking the cell
- Launching of malicious software in the form of _____
a) Worms b) viruses c) Trojans d) all of the above
- The types of Business to Business e-commerce are _____
a) Direct support to Business b) Industry portals c) Information sites about industry d) All of the above
- Major issues were the development of cyber space pave the way for _____
a) Cyber crimes b) security making c) solving problems d) new ideas
- Used by banking industry to exchange account information over secured networks are _____
a) Electronic Fund Transfer b) Electronic data transfer c) Electronic material transfer d) Electronic labour transfer
- _____ on the internet provides easy to use technology for publishing and disseminating information.
a) WWW b) WCW c) WLW d) WWN
- Use of the Internet or other electronic means to stalk or harass an individual, a group of individuals, or an organization _____
a) Cyberwave b) Cyberstalking c) Cybernetwork d) Cyberbidding
- What is the name of the Act that governs internet usage in India _____
a) IT ACT 2000 b) IT ACT 1999 c) CYBER LAW ACT 2001 d) INFORMATION ACT 2000

Q1B) State whether statement are true or false (any 7)

(7mks)

- A word processor is a software package that helps to create and edit a document.
- It is not possible to insert an Excel sheet in a word document.
- E-Commerce will force the middle man to disappear.
- The primary focus of most B2C applications is generating revenue.
- E-commerce permits customers, consumers, and companies to form relationships that would not be possible without technology.
- Black Hat hackers are considered Legal in Cyber Security.
- EPS stands for Electronic Post System.
- Information should be protected from unauthorized internal users and external hackers
Is done by integrity of ecommerce.
- In MS Excel Header & Footer are displayed in Page Break Preview.
- If you change the data, the chart will change simultaneously.

TURN OVER

Q2A) what is an Electronic payment system? Why is it important? (15mks)

OR

Q2B) Define the term E-Commerce and explain the characteristics of E-Commerce. (15mks)

Q3A) Define the Components of the I-Way? (15mks)

OR

Q3B) Discuss in brief the various categories of cyber crimes. (15mks)

Q4A) what is meant by Anatomy of E-Commerce Applications? (15mks)

OR

Q4B) What is a Pie chart and explain different steps for inserting a Pie chart in Excel. (15mks)

Q5A) What are the advantages of E-Banking and list various risks involved in the process. (15mks)

OR

Q5B) Write short note (any 3) (15mks)

- a) web server
- b) Firewall
- c) Routers
- d) Phishing Attack
- e) Keylogger

Q. P. Code: 22154

Time: 2Hrs.30Min.

Max. Marks: 75

Instructions: (a) All questions are compulsory subject to internal choice.
(b) Figures to the right indicate full marks.

Q.1 Answer any Eight from the following:

A Match the following

[08]

A	B
(a) Management Accounting	1) Current liability <i>h</i>
(b) Reports of management	2) Current assets <i>e</i>
(c) Unclaimed dividend	3) Fixed assets
(d) Marketable investments	4) Proportion between two figures <i>f</i>
(e) Live stock	5) Future oriented <i>a</i>
(f) Ratio	6) Liquid ratio <i>g</i>
(g) Acid test ratio	7) Current ratio
(h) Short term solvency	8) 2:1 <i>i</i>
(i) Debt Equity	9) Method of estimating working capital
(j) Operating cycle	10) Optional

B State whether the following statements are true or false (Answer any Seven):

[07]

- Trading organisation requires less working capital.
- Credit granted by supplier reduces working capital.
- Dividend is paid in cash.
- Liquidity has no effect on dividend policy.
- Analysis is must for interpretation.
- Common size statement is a vertical analysis.
- Operational information is used by lower level management.
- Stock is a liquid asset.
- Higher stock turnover means higher cost of goods sold.
- Owners fund and owed fund are the same.

Q.2

A. The following is the Balance Sheet of M/s. Shetty Ltd. as on 31st March, 2017.

Liabilities	Rs.	Assets	Rs.
Equity share capital	400000	Goodwill <i>FA</i>	125000
9% preference share capital	200000	Furniture <i>FA</i>	300000
General reserve	100000	Land & Building <i>FA</i>	400000
Profit & loss A/C	100000	Stock	100000
10% Loan	200000	Debtors	200000
Accounts payable	100000	Cash & Bank	60000
Advances from customers	50000	Prepaid expenses	40000
Provision for taxation	60000	Preliminary expenses	15000
Expenses payable	40000	Discount on issue of debentures	10000
	1250000		1250000

[15]

The following further information is also given for the year:

Total sales Rs.10,00,000 Net profit rate 15%.out of total sales 20% are cash sales.

Purchases Rs.5,00,000 .Number of days in the year 360.

Calculate the following

A) Proprietary ratio

Q. P. Code: 22154

- B) Capital gearing ratio
 C) Acid test ratio
 D) Operating ratio
 E) Creditors turnover ratio

OR

- B. From the following extracts of Surya Ltd you are asked to compute short term solvency ratio and activity ratios for the year ended 31st March 2017 [15]
 Equity Share Capital 20000, 7% Preference Share Capital 4000, Reserves and Surplus 16000, 6% Mortgage Debentures 28000, Creditors 2400, Bills payable 4,000, Outstanding expenses 400 and Tax Provision 5,200
 Fixed assets 52000 (less depreciation Rs. 20,000), Cash 2000, Investments (10%) 6000, Sundry debtors 8000 and Stock 12,000
 Net sales Rs. 120,000 , Cost of goods sold Rs. 103,200
 (Arranging in vertical form is not expected)

Q.3

- A. Naysha manufacturing company gives the following details. Estimated level of activity 26,000 units of production for the year 2016-17 [15]

Particulars	Rs.
Raw material	20
Wages	8
Overheads	16
Selling price	50

Further information

Raw material are in stock average 4 weeks consumption

W-I-P 2 weeks

Finished goods in stock 2 weeks

Credit allowed by suppliers 2 weeks

Credit allowed to debtors 3 weeks

Lag in payment of wages and overheads 1 week

Cash at bank for smooth operation is expected to be Rs.24,000

Provide for safety of margin at 10%

25% purchases and 20% sales are against cash.

You are required to prepare statement showing working capital requirements for the year 16-17.

OR

- B. From the following information prepare a working capital requirement. [15]
 Production during the year is to be 1,04,000 units.

The expected ratio of cost to selling price are Raw material 60%, Direct wages 10%, Overheads 20%. Raw materials are expected to remain in stores for an average of 8 weeks before issue to production. Each unit of production is expected to be in process for 4 weeks for material and 2 weeks for labour & overheads. Finished goods will stay in warehouse awaiting despatch to customers for approximately 12 weeks.

Credit allowed by Creditors is 8 weeks from the date of delivery of Raw materials. Credit given to Debtors is 12 weeks from the date of despatch. Selling price is Rs.25 per unit.

Q. P. Code: 22154

There is a regular production and sale cycle. 25% of sales are on cash basis and 75% of purchases are on credit.

Provide 10% for contingencies on current assets.

Q.4

A. From the following Balance Sheet calculate Balance-Sheet ratios. (Any Four)

[08]

Balance Sheet as on 31st Dec., 2016

<u>LIABILITIES</u>	<u>Rs.</u>	<u>ASSETS</u>	<u>Rs.</u>
Equity Share Capital	1,00,000	Building	80,000
Preference Share Capital	40,000	Plant and Machinery	1,00,000
Profit & Loss Account	50,000	Stock	1,00,000
Mortgage Loan	1,00,000	Debtors (L.Y. 80,000)	60,000
Creditors	60,000	Short Term Investments	20,000
Taxes Payable	50,000	Cash & Bank balances	50,000
Proposed equity dividend	10,000		
	<u>4,10,000</u>		<u>4,10,000</u>

B. Being a Company Secretary you are asked to calculate the revised Share capital for following companies using the information below -

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

(07)

OR

A. The following data is furnished to you regarding two companies X & Y operating in the same industry [08]

A) Calculate the operating cycle for both the companies

B) Also suggest steps you would take to reduce the operating cycle.

Particulars	X (days)	Y(Days)
Raw material stock	150	144
W-I-P in terms of COGS	72	60
Finished goods stock	108	80
Average collection period	144	170
Average payment period	120	96

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D. The following appears in the balance sheet of R Ltd. Company as on 31.3.2017

[07]

Liabilities	Rs.	Assets	Rs.
10,000 shares of Rs.10 each ,8 paid up	80000	Sundry Assets	126000
Reserve and Surplus			
General reserve	2000		
Capital redemption reserve	4000		
Profit & loss A/C	40000		
	126000		126000

The company declared bonus.

- A) Making partly paid up shares as fully paid up
 - B) Issue of 1000 paid up shares of Rs.10 each to the existing shareholders. For the purpose, Profit & Loss should be utilised to the minimum extent.
- Prepare Revised Balance-sheet.

Q.5

- 1) Explain MM model regarding dividend.
- 2) Discuss the factors that determine working capital requirements.

[08]

[07]

OR

Write short notes(any three)

- 1) Walter & Gordon model
- 2) Sources of working capital
- 3) Balance sheet ratios
- 4) Scope of Management accounting
- 5) Tools of financial analysis

[15]
