

Time: 2.5 hours

Marks: 75

Instructions:

1. There are 5 questions with internal choice
2. Each question carries 15 marks
3. Suitable assumptions and working notes should form the part of your answer
4. Figure to right hand side indicate full marks
5. Please check whether you have got the right question paper

Q.1. (A) Multiple Choice questions (any 8) (8)

- 1) For a Car manufacturing company, income from sale of car is cash inflow from
(a) Operating Activity (b) Financing Activity (c) Investing Activity (d) All of these
- 2) Interest is _____ element of cost.
(a) Tax deductible (b) Appropriation out of profit (c) Income (d) Dividend
- 3) Operating Profit is calculated as _____
(a) Gross Profit less operating expenses (b) Net Profit less operating expenses
(c) Sales less cost of goods sold (d) Net profit plus interest
- 4) Dividend payment on preference shares is _____
(a) Mandatory (b) Optional (c) Monthly (d) None of these
- 5) In cash flow statement, increase in stock is _____
(a) Stock turnover ratio (b) No Impact (c) Inflow (d) Outflow
- 6) Outstanding expenses are part of _____
(a) Current Assets (b) Fixed Assets (c) Current Liabilities (d) Stock
- 7) Depreciation is _____
(a) Non cash expenditure (b) Non cash income (c) Current Liabilities (d) None of these
- 8) If Sales for the 2018 is Rs.2,00,000 and sales for 2017 is 1,00,000; the company is said to be grown by ____% over previous year.
(a) 1% (b) 200% (c) 50% (d) 100%
- 9) Capital Employed is _____
(a) Shareholder's equity + Reserves & surplus (b) Fixed Assets + Working capital
(c) Shareholders equity + long term borrowings (d) both b & c
- 10) Marketable securities are part of _____
(a) Current Liabilities (b) Current Assets (c) Finished goods (d) Loan

Q.1 (B) True / False (any 7)

(7)

- 1) Management Accounting helps management to forecast and prepare plans for the future activities of business.
- 2) In Common size Income statement Sales is considered as 100%
- 3) Interest coverage ratio indicates firm's ability to meet the interest obligation.
- 4) Excess of sales over cost of goods sold is gross profit.
- 5) In Trend analysis 1st year figures are considered as 100% for calculating trend of figures.
- 6) Temporary working capital is known as core working capital.
- 7) The focus of management accounting is on External reporting.
- 8) Changes in working capital are considered while calculating cash from investing.
- 9) Debtors under principle of conservatism are valued at selling price.
- 10) In cashflow statement, transfer to general reserve is deducted from Net profit for calculating cash from operations.

Q. 2 From the following financial statement of Swap limited prepare a Common size Income statement & Balance sheet and offer your comments. (15)

Dr. Profit & Loss Account for the year ended 31st March, 2018		Cr.	
Particulars	Rs.	Particulars	Rs.
To Opening stock	80,000	By Sales	4,00,000
To Purchases	2,40,000	By Closing stock	1,20,000
To Wages	50,000		
To Factory Overheads	50,000		
To Gross Profit c/f.	1,00,000		
	5,20,000		5,20,000
To Admin expenses	15,000	By Gross Profit b/d.	1,00,000
To S&D expenses	10,000	By Dividend received	6,000
To Depreciation	13,000		
To Interest on debentures	4,000		
To Net Profit c/f.	64,000		
	1,06,000		1,06,000
To Preference Dividend	3,000		
To Provision for tax(2018)	21,000	By Net Profit b/d.	64,000
To Retained Earnings	40,000		
	64,000		64,000

OR

Q.2 From the following data prepare Comparative Balance sheet of M/s. Reena Limited in Vertical form & offer your comments. (15)

Balance Sheet as on 31st March

Liabilities	2017 (Rs.)	2018 (Rs.)	Assets	2017 (Rs.)	2018 (Rs.)
Share Capital	70,000	80,000	Building	55,000	80,000
P&L A/c.	20,000	20,000	Machinery	43,000	50,000
Debentures	20,000	30,000	Stock	25,000	5,000
Other Secured loans	10,000	20,000	Debtors	15,000	10,000
Creditors	10,000	3,000	Cash	2,000	15,000
Bank overdraft	8,000	4,000			
Outstanding expenses	2,000	3,000			
Total	1,40,000	1,60,000	Total	1,40,000	1,60,000

Q.3 Extracts from the financial accounts of Zingat Limited are given below: (15)

Balance Sheet as on 31st March

Liabilities	2018 (Rs.)	Assets	2018 (Rs.)
Equity Capital	1,00,000	Fixed Assets	1,80,000
9% Preference shares	50,000	Stock	25,000
8% Debentures	50,000	Debtors	55,000
Retained Earnings	20,000	Bills Receivables	3,000
Creditors	45,000	Bank	2,000
Total	2,65,000	Total	2,65,000

Convert the Balance sheet into Vertical form and calculate following ratios:

- 1) Current Ratio 2) Quick Ratio 3) Stock to Working capital Ratio 4) Debt Equity Ratio
5) Capital Gearing Ratio.

Offer 1 liner comments for each ratio.

OR

Q.3 From the Balance sheet and P&L of Mecnu limited calculate the following ratios and offer your comments briefly. Vertical statements are not mandatory. (15)

- 1) Current Ratio 2) Debt Equity Ratio 3) Proprietary Ratio 4) Stock to Working capital ratio
5) Debtors Turnover Ratio 6) Creditors Turnover Ratio 7) Gross Profit Ratio 8) Net Profit Ratio

Balance Sheet as on 31st March 2018

Liabilities	2018 (Rs.)	Assets	2018 (Rs.)
Preference Capital	50,000	Building	1,85,000
Equity Capital	1,00,000	Long Term Investment	40,000
Reserves	35,000	Stock	35,000
10% Debentures	50,000	Debtors	30,000
Creditors	20,000	Cash & Bank	10,000
Outstanding expenses	45,000		
Total	3,00,000	Total	3,00,000

P&L for the year ended 31st March 2018

Dr.		Cr.	
Particulars	Rs.	Particulars	Rs.
To Cost of goods sold	1,75,000	By Sales	3,00,000
To Admin expenses	25,000		
To Finance expenses	15,000		
To Selling expenses	20,000		
To Depreciation	15,000		
To Provision for Tax	20,000		
To Net Profit	30,000		
	3,00,000		3,00,000

Q.4 Balance sheets of M/s Neelu Limited are given below: (15)

Liabilities	2017 (Rs.)	2018 (Rs.)	Assets	2017 (Rs.)	2018 (Rs.)
Share Capital	35,000	37,000	Cash	4,500	3,500
Debentures	6,000	3,000	Debtors	7,450	8,250
Creditors	5,180	5,920	Stock	24,600	22,350
Prov. for doubtful debts	350	400	Land	10,000	15,000
P&L	5,020	5,280	Goodwill	5,000	2,500
Total	51,550	51,600	Total	51,550	51,600

Additional Information:

- 1) Dividend paid amounted to Rs.1,750.
 - 2) Land was purchased for Rs.5,000 and amount provided for amortisation of goodwill amounted to Rs.2,500.
 - 3) Debentures were repaid to the extent of Rs.3,000.
- You are required to prepare a Cash flow statement under Indirect Method.

OR

Q.4 The following is cost sheet of Bilal limited producing 48,000 similar types of products. (15)

Particulars	Rs. per Units
Raw Materials	80
Labour	40
Factory overheads	30
Selling cost	20
Net Profit	30
Selling Price	200

The following further information is provided to you:

- 1) Raw materials remain in stock for 2 months while finished goods stock is carried for 3 months.
- 2) Credit allowed to customers is 3 months while credit allowed by suppliers of materials is 2 months.
- 3) Factory overheads are paid at the end of the month.
- 4) Company has a policy to have bank balance of at least Rs.1,50,000 on cash balance worth equal to 3 months of factory overheads.
- 5) 20% of the total sale is for cash.

You are required to prepare a statement of Working Capital Requirement.

Q.5 (A) Explain the Functions of Management Accountants (8)

(B) Explain the concept of working capital with the help of diagram and examples (7)

OR

Q.5 Short Notes (any 3) (15)

- 1) MPBF
- 2) Types of Working Capital
- 3) Cash flow from operating activities
- 4) Concept of Common size statement
- 5) Return on Capital Employed
