

Q.P. Code :22500

[Time: Three Hours]

[ Marks:100]

- N.B:
1. All questions are compulsory.
  2. Figures to right indicate full marks.
  3. Working should form part of the answer.
  4. Simple calculator is allowed.

10

Q.1 A) Match the columns (Any ten).

Column A	Column B
Management Accounting	Total Current Assets
Trend Analysis	Non Quick Current Asset
Scrap value under capital budgeting techniques	A technique of Capital Budgeting
Gross Working Capital	Used for decision making
Current Assets less Current Liabilities	Fictitious Asset
Prepaid Expenses	Non Quick Current Liability
Securities Premium	Quick Ratio
Payback Period	Earliest year as base year
Preliminary Expenses	Fixed rate of interest
Bank Overdraft	Reserve
Test of liquidity	Added to last year's cash inflow
Debentures	Working Capital

Q.1 B) State whether the following statements are True or False: (Any ten)

10

- 1) Depreciation is a non-cash expenditure.
- 2) Net Profit Ratio is a measure of profitability.
- 3) Unclaimed dividend is a current liability.
- 4) Focus of Management Accounting is only an external reporting.
- 5) While calculating working capital requirement debtors may be valued at cost price or at selling price.
- 6) Higher Gross Profit Ratio shows a higher trading efficiency of an organisation.
- 7) Net Present Value method considers time value of money.
- 8) In Common Size Income statements capital employed is considered equal to 100%.
- 9) Profit & Loss Account shows financial position of an organisation.
- 10) Capital Gearing Ratio is called Capital Structure Ratio.
- 11) Own fund is external fund.
- 12) Average stock is the total of opening and closing stock.

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- Q.2 A) From the following details of M/s AB Ltd., prepare Comparative Revenue Statement in vertical form suitable for analysis.

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M/s AB Ltd.

Particulars	Amount (₹)	Amount (₹)	Amount of Change (₹) (+/-) (↑/↓)	% of Change (+/-) (↑/↓)
Net Sales	12,00,000	?	?	25
Gross Profit	4,40,000	4,70,000	?	?
Office & Administrative Expenses	78,800	?	5,000	?
Selling & Distribution Expenses	?	48,400	5,000	?
Finance Expenses	?	12,500	(-)500	?

- Q.2 B) Complete the following Vertical Common Size Balance Sheet of M/s BC Ltd.

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M/s BC Ltd.

Common Size Balance Sheet as on 31<sup>st</sup> March 2017.

Particulars	Amount (₹)	%
<b>Funds Employed</b>		
Share Capital	6,00,000	?
Add Reserves & Surplus	1,00,000	?
Shareholder's Fund	7,00,000	?
Borrowed Fund	?	30
<b>Total Fund</b>	?	?
<b>Funds Applied</b>		
Fixed Assets	7,00,000	?
<u>Working Capital</u>		
Current Assets	4,50,000	?
Less: Current Liabilities	?	?
Working Capital	?	?
<b>Total Fund</b>	<b>10,00,000</b>	?

OR

- Q.2 The following is financial information of M/s CD Ltd. for three years. You are required to prepare Trend Statement in vertical form suitable for analysis.

15

Particulars	Amount (₹)		
	31/3/15	31/3/16	31/3/17
Equity Share Capital	4,00,000	5,00,000	5,00,000
Preference Share Capital	2,00,000	2,20,000	2,80,000
Debtors	60,000	65,000	70,000
Creditors	40,000	45,000	50,000



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Cash & Bank Balance	20,000	18,000	16,000
Bills Payable	50,000	60,000	55,000
Provision for Income Tax	20,000	20,000	20,000
Stock	40,000	60,000	80,000
Other Current Assets	50,000	40,000	40,000
Long Term Investments	1,00,000	1,00,000	1,00,000
Reserves & Surplus	65,000	75,000	85,000
Debentures	2,00,000	2,00,000	3,00,000
Fixed Assets	?	?	?

Q.3

Following is the Revenue Statement of X & Co.Ltd., for the year ended 31<sup>st</sup> March, 2017. 15

Dr.	Particulars	₹	Cr.	Particulars	₹
To Opening Stock	12,00,000		By Sales	60,00,000	
To Purchases	33,00,000		By Closing Stock	15,00,000	
To Carriage Inward	7,50,000				
To Wages	7,50,000				
To Gross Profit c/d	15,00,000				
	<u>75,00,000</u>				<u>75,00,000</u>
To Salaries	1,50,000		By Gross Profit b/d	15,00,000	
To Interest	60,000		By Profit on Sale of		
To General Expenses	75,000		Investments	7,500	
To Sales Promotion Expenses	1,12,500		By Commission	1,05,000	
To Rent	15,000				
To Discount allowed	37,500				
To Depreciation	1,80,000				
To Loss on Sale of Fixed Assets	30,000				
To Provision for Income Tax	2,70,000				
To Net Profit	6,82,500				
	<u>16,12,500</u>				<u>16,12,500</u>

From the above calculate:

- Gross Profit Ratio
- Office & Administration Expense Ratio
- Selling & Distribution Expense Ratio
- Operating Expense Ratio
- Operating Cost Ratio
- Net Profit Before Tax Ratio
- Stock Turnover Ratio

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Q.3. Following is the Balance Sheet of M/s XY Ltd. as on 31<sup>st</sup> March, 2017.

Liabilities	Amount (₹)	Assets	Amount (₹)
Equity Share Capital [Equity shares of ₹ 3 each]	3,00,000	Goodwill	40,000
5% Preference Share Capital	2,00,000	Land & Building	3,60,000
Securities Premium	10,000	Plant & 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
Sundry Creditors	1,20,000	Cash at Bank	80,000
Provision for Taxation (Current year)	20,000	Preliminary Expenses	10,000
	<b>10,14,000</b>		<b>10,14,000</b>

Other details for the year ended 31<sup>st</sup> March 2017 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.4 Megh Industries Ltd. has an investment proposal of ₹ 40,00,000. The expected cash inflows 15 for ten years are as under:-

Year	Cash Inflow (₹)	Present Value of ₹ 1 at 10% discount factor
1	7,00,000	0.909
2	7,00,000	0.826
3	8,00,000	0.751
4	8,00,000	0.683
5	9,00,000	0.621
6	9,00,000	0.564
7	10,00,000	0.513
8	10,00,000	0.467
9	8,00,000	0.424
10	6,00,000	0.386

You are required to calculate:

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- 1) Payback Period
- 2) Net Present Value at 10% Discount Factor
- 3) Profitability Index at 10% Discount Factor

OR

- Q.4 Pawan Ltd. is considering two projects. Both require an initial cash investment of ₹ 10,00,000 each and have a life of five years with nil scrap value. Estimated Net Profit Before Tax of Machine A and Machine B is as under:-

15

Year	Machine A (₹)	Machine B (₹)
1	4,00,000	6,00,000
2	4,00,000	3,00,000
3	4,00,000	2,00,000
4	4,00,000	5,00,000
5	4,00,000	5,00,000

Tax rate is 30%.

Calculate Average Rate of Return for Machine A and Machine B and suggest which machine should be accepted.

- Q.5 The following information is available from the records of SMR Ltd. for the year ending on 31<sup>st</sup> March, 2017. 15

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

The following further information is as under:-

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



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Prepare a statement showing the working capital requirement of SMR Ltd. for the year ended 31<sup>st</sup> March, 2017.  
Operations are evenly spread through out the year. Expenses accrue similarly.

OR

- Q.5 The production and sales of MTK Ltd., during the year 2015-16 was 20,000 units. In the year 2016-17 it is expected to increase by 50%. The estimated cost structure for the year 2016-17 is: 15

Raw Material	100 per unit
Wages	50 per unit
Overheads	50 per unit

The expected selling price is at 20% profit on cost.  
It is also estimated that during the year 2016-17:

- 1) Raw materials will remain in stock for 15 days.
- 2) Finished goods will remain in store for 30 days.
- 3) Credit allowed to the customers will be 45 days.
- 4) Credit allowed by the suppliers will be 30 days.
- 5) Debtors are estimated at selling price.
- 6) Operation and expenses will accrue evenly throughout the year.
- 7) Working days of the company will be 300 days in the year.

You are required to prepare a statement of working capital requirement for the year 2016-17 of MTK Ltd.

- Q.6 A) Distinguish between Financial Accounting and Management Accounting. 10
- B) Explain the advantages of Ratio Analysis. 10

OR

- Q.6 Write short notes on (Any four). 20
- i) Current Liabilities
  - ii) Functions of Management Accounting
  - iii) Stock Turnover Ratio
  - iv) Working Capital Cycle
  - v) Capital Budgeting Process
  - vi) Proprietary Ratio.

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