

VCD 06/03/2020 Sem - III

Class: SYBFM Subject: Management Accounting Marks: 75

Q1. A) State whether the following statements are True or False. (Any 8)

(8)

1. Comparative statement includes comparative income statements and balance sheets.
2. Common size statement is a horizontal analysis.
3. Current ratio is also known as working capital ratio.
4. All current liabilities are quick liabilities.
5. Working capital is excess of current assets over current liabilities.
6. A business organisation need not have working capital.
7. Management accounting is future oriented.
8. P&L A/c shows the financial position of an organisation.
9. Patents and copyrights are intangible assets.
10. Capital employed is equal to working capital.

Q1. B) Match the following (Any 7)

(7)

Group A	Group B
1. Gross working capital	a. Intangible fixed assets
2. Vertical analysis	b. Fictitious assets
3. Collection from debtors	c. Current assets – stock
4. Net profit ratio	d. Common size statement
5. Liquid assets	e. Net worth
6. Calls in advance	f. Return on capital employed
7. Goodwill	g. Long term debt + equity
8. Equity share capital	h. Total current assets
9. Overall profitability	i. Debtors account
10. Debt equity ratio	j. NP / Net sales

Q2. From the following information prepare the common size statement for year ended 31.3.2018.

All the following percentage are on net sales of Rs. 8,00,000.

Opening stock – 2%. Closing stock – 3%. Purchases – 52%. Office expenses – 4.75%. administrative expenses – 5.75%. distribution expenses – 6%. Selling expenses – 4%. Interest paid – 1.50%. Indirect wages – 1.50%. Direct wages – 2%. Provision for income tax is to be made @25% on net profit before tax.

(15)

OR

Q2. Complete the following common size statement.

(15)

Particulars	Rs.	%
Gross sales	99000	?
Less: sales return	?	10
Net sales	?	?
Less: cost of sales	?	40
Gross profit	?	?
Less: operating expenses		
a) Administrative expenses	?	?
b) Finance expenses	?	2
c) Selling expenses	7200	?
Operating profit	?	?
Add: non operating income	4500	?
Less: non operating expenses	?	15
Net profit before tax	?	30



Q3. Following is the revenue statement of M/s Sushil Ltd.

Trading and P&L A/c for year ended 31<sup>st</sup> March 2017

Particulars	Rs.	Particulars	Rs.
To opening stock	50000	By sales	700000
To purchases	400000	By closing stock	80000
To carriage inward	10000	By interest received	5000
To office expenses	90,000		
To sales expenses	27,000		
To loss on sale of fixed assets	3000		
To net profit c/d	205000		
	6,29,400		785000

Calculate the following:

- 1) Selling expenses ratio
- 2) Stock turnover ratio
- 3) Operating ratio
- 4) Net profit before tax ratio
- 5) Gross profit ratio (give your comment on gross profit ratio) (15)

OR

Q3. Debtors velocity : 3 months. Stock velocity : 8 times. Gross profit ratio : 25%. Gross profit for the year is Rs. 1,60,000. There are no long-term loans or overdraft. Reserve and surplus amounted to Rs. 56,000 and liquid assets are Rs. 2,00,000. Closing stock is Rs. 4,000 more than operating stock. Bills receivable is Rs. 10,000 and Bills payable is Rs. 4,000.

Calculate: a) sales. b) sundry debtors. c) closing stock d) bank balance. (15)

Q4. Calculate cash flow from operating activity from the following:

Particulars	As on 1 . 4. 2015	As on 1 . 4. 2016
Profit & Loss A/c	60,000	70,000
General Reserve	20,000	30,000
Provision for depreciation on plant	60,000	70,000
Expenses payable	10,000	6,000
Goodwill	40,000	20,000
Debtors	80,000	70,000

An item of plant costing Rs. 40,000 having book value Rs. 28,000 was sold for Rs. 36,000 during the year. (15)

OR

Q4. From the following figures, prepare an estimate of the working capital.

- Production : 5000 units
- Selling price : Rs. 10 per unit
- Raw material : 60% of selling price
- Direct wages : 1/6<sup>th</sup> of raw materials
- Overheads : twice the direct wages
- Material in hand : 2 months requirement
- Production time : 1 month
- Finish goods in store : 3 months
- Credit for materials : 2 months
- Credit allowance to customers : 3 months
- Average cash balance : Rs. 4000

Wages and overheads are paid in beginning of next month. In production all the material are charged in the initial stage and wages and overheads accrue evenly.

(15)

Q5. A) Explain the concept of operating cycle with the help of diagram and examples.

(8)

Q5. B) Explain the concept of Controller and Treasurer.

(7)

OR

Q5. Write short notes. (Any 3)

(15)

1. Current ratio & Quick ratio
2. Cash from investing activities
3. Trend analysis
4. Stock turnover ratio
5. Types of working capital

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