

Q.1

A. Select the most appropriate alternative. [Attempt any 8]

(8)

1) Management Accounting is useful in increasing _____.

- a) Expenses
- b) Cost
- c) Profitability
- d) share value

2) Standard current ratio is _____.

- a) 1:2
- b) 2:1
- c) 1:1
- d) 3:1

3) Financial leverage is calculated as _____.

- a) EBIT/EBT
- b) EBT/EBIT
- c) Contribution/EBT
- d) Contribution /EBIT

4) Depreciation on machinery is shown under _____.

- a) Office Expenses
- b) Selling Expenses
- c) Finance Expenses
- d) Cost Of Goods Sold

5) Proprietary Ratio is _____.

- a) Revenue Statement Ratio
- b) Balance sheet Ratio
- c) Combined Ratio
- d) None of the above

6) High geared companies are exposed to _____.

- a) Business Risk
- b) Financial Risk
- c) Inflation Risk
- d) Interest Risk

7) The functions of Management Accounting includes _____.

- a) Controlling
- b) Reporting
- c) Co-ordinating
- d) All of the above

8) Following is the current liability.

- a) Stock
- b) Creditors
- c) Share capital
- d) Debtors

9) Loss on sale of Asset is _____.

- a) Non-Operating Expenses
- b) Non-Operating Income
- c) Direct Expenses
- d) Operating Expenses

10) Liquid Ratio is also known as _____.

- a) Current Ratio
- b) Direct Ratio
- c) Quick Ratio
- d) Non-Quick Ratio

B. State whether following statements are True or False (Attempt any 7)

(7)

- 1) Marginal cost is fixed cost.
- 2) Financial leverage & operating leverage are same.
- 3) Return on capital employed is balance sheet ratio.

- 4] Standard liquid ratio is 1:1.
- 5] A large sized organization requires less working capital.
- 6] The object of inter-firm comparison is to improve efficiency.
- 7] Permanent working capital remains constant.
- 8] Working capital is excess of current assets over current liabilities.
- 9] Goodwill is part of application of fund.
- 10] Management accounting future oriented.

Q.2 Prepare comparative Revenue statement in vertical form from the following details [

TVS Ltd.

Profit & Loss A/c for the year ended 31st March

Particulars	2014	2015	Particulars	2014	2015
To Opening stock	2,25,000	3,00,000	By Sales	45,00,000	60,00,000
To Purchases	22,50,000	32,10,000	By Closing Stock	3,00,000	3,00,000
To Interest on debentures	1,50,000	1,50,000	By Dividend Received	12,000	
To Depreciation on Furniture	51,000	45,000	By Profit on sale of Asset	24,000	
To Administrative Expenses	2,94,000	4,41,000			
To selling Expenses	4,56,000	7,53,000			
To Carriage Outwards	75,000	3,15,000			
To Loss by Fire	-	15,000			
To Wages	1,95,000	3,00,000			
To Provision For Tax	5,70,000	4,35,000			
To Net Profit	5,70,000	4,35,000			
Total	48,36,000	63,99,000	Total	48,36,000	63,99,000

OR

Q.2

From the following forecast of income & expenditure prepare a cash budget for the 3 months commencing from 1st June when the bank balance was Rs.1,00,000. [1]

	Sales	Purchases	Wages	Factory Expenses	Selling Expenses
April	80,000	41,000	5,600	3,900	10,000
May	76,500	40,500	5,400	4,200	14,000
June	78,500	38,500	5,400	5,100	15,000
July	90,000	37,000	4,800	5,100	17,000
August	95,000	35,000	4,700	6,000	13,000

A sales commission of 5% on sales due 2 months after sales, is payable in addition to selling expenses. Plant valued at Rs. 65,000 will be purchased and paid in August & the dividend

for the last financial year of Rs. 15,000 will be paid in July. There is 2 months credit period allowed to customers and received from suppliers.

Q.3 The following particulars of Voltas Ltd. For the year 2015-2016. Calculate the working capital estimate for yearly sales of 78,000 units. [15]

1] Cost sheet

Particulars	Rs. [Per unit]
Raw Materials	40
Wages	20
Overheads	30
Profit	30

2] Production & Sales taken place evenly throughout the year.

3] Creditors given 8 weeks credit on raw materials.

4] Raw material remains in stock for 8 weeks.

5] Processing period is of 2 weeks.

6] Finished goods remains in stock for 10 weeks.

7] Debtors are given 9 weeks credit.

8] Time lag in payment of wages is 4 weeks.

9] Time lag in payment of overheads is 2 weeks.

10] Cash & bank balance maintain ear Rs.1,05,000.

11] Calculate debtors on sales.

OR

Q.3 From the following balances appears in the books of Ram Ltd. For the year ended 31st March, 2015. You are required to prepare Revenue statement & Balance sheet in vertical form. [15]

Particulars	Amount	Particulars	Amount
Equity share capital	225,000	Sales	855,000
Plant & Machinery	45,000	Debentures	50,000
Purchases	655,000	Dividend Paid	15,000
Wages	85,000	Depreciation	15,000
Bank overdraft	20,000	Salaries	15,000
Office rent	5,000	Dividend Received	18,000
Advertisement	20,000	Goodwill	25,000
Finance Expenses	8,000	Land & Building	48,000
Income Tax	15,000	Creditors	25,000
Preliminary Expenses (Not written off)	5,000	Investments	75,000
Bills payable	15,000	Purchase Return	5,000
Opening stock	75,000	Debtors	65,000
		cash	42,000

Closing stock on 31st March, 2015 is Rs.80,000.

Q.4 Following are the Trading And Profit & Loss Account of Samir Ltd. For the year ending 31st March, 2015 & Balance sheet as on that date. [15]

P.T.O.

for the last financial year of Rs. 15,000 will be paid in July. There is 2 months credit period allowed to customers and received from suppliers.

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		cash	42,000

Closing stock on 31st March, 2015 is Rs.80,000.

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P.T.O.

Profit & Loss Account

Particulars	Amount	Particulars	Amount
Opening Stock	145,000	Sales	750,000
Purchases	610,000	Closing Stock	155,000
Gross Profit	150,000		
	905,000		905,000
Selling Expenses	80,000	Gross Profit	150,000
Net profit	70,000		
	150,000		150,000

Balance sheet

Liabilities	Amount	Assets	Amount
Share capital	700,000	Fixed asset	550,000
Reserve	50,000	Stock	155,000
Profit & loss Account	70,000	Debtors	180,000
Bank Overdraft	35,000	Cash	120,000
Creditors	150,000		
	1,005,000		1,005,000

You are required to calculate following ratios

- | | | |
|-----------------------------|---------------------------|-----------------------|
| 1] Current Ratio | 2] Quick Ratio | 3] Gross Profit Ratio |
| 4] Stock Turnover Ratio | 5] Debtors Turnover Ratio | 6] Net profit Ratio |
| 7] Creditors Turnover Ratio | | |

OR

Q.4 Prepare common size vertical statement from following information.

[15]

Balance sheet as on 31st March, 2015

Liabilities	Amount	Assets	Amount
Creditors	10,500	Cash	6,750
Outstanding Expenses	19,500	Debtors	27,750
Loans	56,250	Prepaid Expenses	55,000
Capital	1,64,500	Stock	27,500
Reserve	25,000	Fixed Assets	1,58,750
Total	2,75,750	Total	2,75,750

Income statement for the year ended 31st March, 2015

Expenses	Amount	Income	Amount
To COGS	1,77,750	By Net Sales	3,17,250
To Selling Expenses	90,000	By Profit on sale of asset	3,000
To Administrative Expenses	23,000		
To Tax Paid	8,500		
To Loss by Fire	12,000		
To Net profit	9,000		
Total	3,20,250	Total	3,20,250

Q.5 a) Define working capital . And describe the factors affects the requirements of working capital . [8]

b) Define Asset. Explain various types of assets. [7]

OR

Q.5 Write a short Note on (Any Three) [15]

a) Types of working capital

b) Revenue statement ratio

c) Functions of Management Accountant

d) Difference between financial accounting and Management Accounting

e) Balance sheet ratio

— The End —

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