

Q. P. Code: 23254

Duration: 2 ½ Hours

Maximum Marks: 75

- Note: 1) All Questions are compulsory carrying 15 marks each.
2) Use of simple calculator is allowed
3) Working notes should be made part of main answer

Q1A) Select the correct answer (any 8) :-

(8)

- 1) Working Capital Statement is prepared _____
a) Optimum utilization of resources for profitability
b) To meet day-to day current obligations
c) Ensuring marginal return on current assets is always more than cost of capital
- 2) If sales are Rs. 7,50,000, Gross Profit is 25% on Sales. The amount of gross profit will be _____
a) Rs. 1,50,000 b) Rs. 2,50,000 c) Rs. 3,75,000 d) Rs. 1,87,500
- 3) % Increase/ Decrease is a method in the preparation of _____
a) Common size statement b) Comparative statement c) Trend Analysis d) Income Statement
- 4) Liquid ratio is quick assets / _____
a) quick liabilities b) Current liabilities c) Non Current Liabilities
d) Non Quick liabilities
- 5) Debt equity ratio is a relationship between _____
a) Short term debt & equity b) Long Term debt & equity c) Current liability & share capital
d) Preference share capital & equity share capital
- 6) Sale of Furniture is recorded under Cash from _____
a) Investing Activity. b) Financing Activity. c) Operating Activity.
- 7) Interest received is cash flow from _____
a) Operating activity b) Investing activity c) Financing Activity d) None of the above
- 8) Auditors Fees paid is a type of _____ expenses.
a) Office and Administration b) Selling & Distribution c) Financial
- 9) Management accounting is _____
a) Compulsory under law b) voluntary c) optional d) Voluntary and optional
- 10) Working Capital is _____
a) Excess of fixed assets over Current assets b) Excess of Current Assets over Current Liabilities
c) Excess of Share capital over Loans d) None of the above

Q.1B) State whether the following statements are True or False (any 7):-

(7)

- 1 Management accounting is known as corporate accounting
- 2 Ratio is expressed by dividing one figure by the other unrelated figure.
- 3 Operating Cost means Cost of goods sold plus Operating Expenses.
- 4 Net Working Capital is Current Assets Less Current Liabilities
- 5 Issue of Shares, Issue of Debentures and short term borrowings are cash inflows
- 6 Fictitious assets can be realized
- 7 Management accounting aims to report the outsiders
- 8 Current ratio is also called as acid test ratio
- 9 Gross profit shows the trading efficiency.
- 10 An increase in an item of current assets causes a decrease in cash inflow.

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Q2) From the following Profit and Loss A/c. of A. Ltd., you are required to prepare common size Income statement (15)

Particulars	Rs.	Particulars	Rs.
To Opening stock	2,40,000	By Sales	20,00,000
To Purchases	16,00,000	By Closing stock	6,00,000
To Wages	3,20,000		
To Factory Exp.	2,00,000		
To Gross profit c/d	2,40,000		
	26,00,000		26,00,000
To Salaries	24,000	By Gross profit b/d	2,40,000
To Rent and rates	20,000	By Interest received	1,000
To Carriage outward	20,000		
To Delivery Exp.	6,000		
To Advertisement exp.	20,000		
To Interest on loan	6,000		
To Loss on sales of Asset	20,000		
To Provision for taxation	56,000		
To Net Profit	69,000		
	2,41,000		2,41,000

OR

Q.2) From the following information you are required to Prepare Vertical Balance sheet of A. Ltd.
Balance Sheet as on 31-3-2016 (15)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	1,25,000	Land & Building.	2,50,000
10% Preference Share Capital	50,000	Plant & Machinery	4,00,000
General Reserve	2,00,000	Furniture	1,85,000
Profit & Loss A/c	25,000	Stock	40,000
14% Debentures	5,00,000	Debtors	2,00,000
Creditors	1,50,000	Bills Receivable	50,000
Bank Overdraft	75,000	Bank	35,500
Outstanding Expenses	20,000	Cash	15,000
Bills Payable	50,000	Preliminary expenses	19,500
	11,95,000		11,95,000

Q3) From the following information you are required to calculate the following Ratios. (15)

- a) Gross Profit Ratio b) Stock Turnover Ratio c) Debt Equity Ratio
d) Creditors turnover Ratio e) Operating Ratio

Trading & Profit & loss A/c

Particulars	Rs.	Particulars	Rs.
To opening stock	1,50,000	By Sales	15,00,000
To purchases	12,90,000	By Closing stock	1,50,000
To Gross Profit	2,10,000		
	16,50,000		16,50,000
To Operating Expenses	1,50,000	By Gross Profit	2,10,000
To Net Profit	60,000		
	2,10,000		2,10,000

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Balance Sheet

Liabilities	Rs.	Assets	Rs.
Share Capital	4,40,000	Fixed Assets	6,00,000
Net Profit	60,000	Current Assets:	
Loans	3,50,000	Stock	1,50,000
Creditors	30,000	Debtors	1,00,000
Outstanding Liability	1,20,000	Cash	75,000
		Short Term Investments	75,000
	10,00,000		10,00,000

OR

Q.3) From the following information, you are required to calculate

a) Current Ratio

b) Capital Gearing Ratio

c) Proprietary Ratio

d) Stock working capital Ratio

e) Liquid Ratio

Balance sheet

LIABILITIES	Rs	ASSETS	Rs
Share capital	13,00,000	Fixed assets	13,00,000
General Reserve	25,000	Investment	2,38,000
Profit & loss A/c	1,18,000	Discount on debentures	4,000
7% debentures	1,00,000	Stock	38,200
Creditors	61,200	Debtors	32,400
Provision for Tax	48,000	Cash & bank	9,600
		Bills receivable	30,000
	16,52,200		16,52,200

Q.4) Sainath's factory produces 96,000 units during the year and sells them @ Rs. 50 per unit. Cost structure of a product is as follows :-

(15)

Raw Materials	60%
Labour	15%
Overheads	10%
	85%
Profit	15%
Selling Price	100%

The following additional information is available :-

- The activities of purchasing, producing and selling occur evenly throughout the year.
- Raw Materials equivalent to 1 month's supply is stored in godown.
- The production process takes 1 month.
- Finished goods equal to three months' production are carried in stock.
- Debtors get 2 months' credit.
- Creditors allow 1½ month's credit.
- Time lag in payment of wages and overheads is ½ month.
- Cash and Bank Balance is to be maintained at Rs. 2,00,000

Draw a forecast of working capital requirements of the factory.

OR

Q.4) From the following details relating to the accounts of Gee Ltd., Prepare cash flow statement
Balance Sheet (Rs. In Lakhs) (15)

Liabilities	2015	2016	Assets	2015	2016
Share Capital	10.00	8.00	Machinery	7.00	5.00
Reserves	3.00	2.10	Building	6.00	4.00
Debentures	2.00	-	Investments	1.00	-
Provision for tax	1.00	.70	Debtors	5.00	7.00
Proposed Dividend	2.00	1.00	Stock	4.00	2.00
Creditors	<u>7.00</u>	<u>8.20</u>	Cash & Bank	<u>2.00</u>	<u>2.00</u>
	25.00	20.00		25.00	20.00

Additional Information

- 1) Depreciation at 25% was charged on the opening balance of machinery
- 2) Old machine costing Rs.50,000(Wdv Rs.20,000) was sold during the year for Rs.35,000
- 3) Income tax paid during the year was Rs.50,000.
- 4) Building was under construction & hence not subject to Depreciation

Q.5) Write short notes on (any 3): -

(15)

- a) Distinguish between Financial Accounting and Management Accounting
- b) Cash from Financing activities
- c) Return on Capital Employed
- d) Operating Expenses
- e) Factors affecting working capital

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