

Q.1. Objectives Questions

(A) Multiple Choice Questions (8 out of 10)

(08)

1. _____ is not a quick asset
 (a) loose tools (b) advance tax
 (c) bills receivable (d) interest accrued
2. Current ratio is _____
 (a) Balance sheet ratio (b) Revenue statement ratio
 (c) Composite ratio (d) None of above
3. Current assets – current liabilities _____
 (a) Net working capital (b) Gross working capital
 (c) Permanent working capital; (d) temporary working capital
4. Following ratio is useful for long term creditors _____
 (a) Debt equity ratio (b) return on equity capital
 (c) Expenses ratio (d) Current ratio
5. Strategic information is required for _____
 (a) Day to Day operation (b) Meet government requirements
 (c) Long range planning (d) Short range planning
6. Standard current ratio _____
 (a) 2:1 (b) 1:1
 (c) 65 % (d) 1.33%
7. Information is _____
 (a) Data (b) processed data
 (c) manipulated input (d) computed output
8. Interest received on investment will be shown in _____
 (a) Operating cash flow (b) Investing cash flow
 (c) Financing cash flow (d) Cash or Cash equivalent
9. Information must be _____; it must be correct.
 (a) Relevant (b) Economical
 (b) Timely (d) Accurate
10. Payment of dividend will be shown in the _____.
 (a) Operating cash flow (b) Investing cash flow
 (c) Financing cash flow (d) Cash or Cash equivalent

(B) State whether the following are true or False: (7 out of 10)

(07)

1. In a vertical balance sheet, fictitious assets are included under fixed assets.
2. For an oil company, stock assets are included under fixed assets.
3. Owed fund is an internal source of finance.
4. Gross working capital is the sum of the total fixed assets.
5. Permeant working capital is the same as fixed capital.
6. Loans given to other is a investment activity.

7. Tax refunded is a non-operating cash flow.
8. Higher bank overdraft means higher working capital.
9. Current ratio = current assets / current liabilities.
10. Higher proprietary ratio indicates low risk for the creditors.

Q.2 (A) The following information is presented by raj and sons Ltd. For the year 2021-22.

(15)

Estimated yearly production = 30,000 units

Estimated cost sheet per unit

	Rs
Raw materials	5
Wages	3
Overheads	2
Selling price	12

Further information

1. The company extend two months credit to the customers.
 2. The company maintain one month's stock of raw materials.
 3. The company maintains to month's stock of finished goods.
 4. The processing period is half a month.
 5. The company is allowed on month's credit by supplier.
 6. Wages and overheads are paid one month in arrears.
 7. The cash balance is expected to be Rs 8,125.
 8. There is regular purchase, production and sales cycle.
 9. During production process wages overheads accrue evenly.
 10. Debtors are to be calculated on sale price basis.
- Prepare as estimate of working capital.

OR

Q.2 (B) The following are the particular of Amit & company for the year 2020-21. calculate the working capital estimated for an annual sale of 78,000 units.

(15)

1. Cost sheet per unit

Particular	Rs (per unit)
Raw material	40
Wages	20
Overheads	30
Profit	30

2. Production and sales take place evenly throughout the year.
3. Raw material is on eight-week credit.
4. Raw material remains stock for eight weeks.
5. Processing period is of two weeks, where in raw material, wages and overheads accrue evenly.
6. Finished goods remain in stock for ten weeks.
7. Customer ae given nine weeks credit.
8. Time lag in payment of ages is four weeks.

9. Time lag in payment of overheads is two weeks.
10. Cash and bank balance is maintained at Rs 1,05,000.
11. Calculated debtors on sale.

Q.3(A) Ms anuran ltd carrying on business their position as on as on 31st march 2018 2019 and 2020. (15)

Balance sheet as on 31st march

Particular	2018	2019	2020
Assets			
Fixed assets	30,000	25,500	43,800
Investment	13,000	14,000	18,400
Current assets	27,000	32,200	18,900
	70,000	71,700	81,100
Liabilities			
Share capital	33,000	31,350	41,000
Debenture	27,000	28,350	9,500
Liabilities for expenses	10,000	12,000	30,600
	70,000	71,700	81,100

Prepare trend balance sheet in vertical form.

OR

Q.3 (B) Following are the balance sheets of Nilima ltd as on 31st march 2020 and 2021. (15)

Balance sheet as on 31st March

Liabilities	2020	2021	Assets	2020	2021
Equity share capital	70,000	70,000	Fixed assets	90,000	90,000
11 % preference share capital	50,000	60,000	Investment	50,000	40,000
General reserve	22,000	24,000	Current assets	57,000	40,000
10 % debenture	30,000				
Current liabilities	25,000	16000			
	1,97,000	1,70,000		1,97,000	1,70,000

Prepare a comparative Balance sheet from the above in vertical form.

Q.4 (A) Following are the summary balance sheets of young india ltd:

Liabilities	2021	2022	Assets	2021	2022
Share capital	6,00,000	7,00,000	Fixed assets	4,00,000	6,50,000
General reserve	1,50,000	2,00,000	Debtors	2,00,000	3,50,000
Profit and loss A/c	1,70,000	2,80,000	Stock	1,50,000	2,50,000
14 % debentures issued for purchase of fixed assets	NIL	2,00,000	Cash	1,00,000	1,30,000
			Underwriting	70,000	NIL

			commission		
	9,20,000	13,80,000		9,20,000	13,80,000

Assuming the depreciation for the year to be Rs 50,000 and interim dividend paid during the year to be 5 % on opening capital, prepare cash flow statement.

OR

Q.4 (B) From the below information you are required to calculate the following ratios. (15)

Liabilities	Rs	Assets	Rs
Equity share capital	2,50,000	Land and building	3,50,000
Preference share capital	2,00,000	Furniture	3,50,000
Profit and loss (Cr)	50,000	Cash at bank	1,00,000
11 % debenture	3,00,000	Stock	1,00,000
Creditors	1,50,000	Debtors	70,000
Bills payable	20,000		
	9,70,000		9,70,000

Find out

- 1) Current ratio
- 2) Quick ratio
- 3) Debt equity ratio
- 4) Proprietary ratio
- 5) Stock working capital
- 6) Capital gearing ratio

Q.5. (A) Distinguished between financial accounting management accounting. (08)

(B) explain function of management accounting. (07)

OR

Q.5. Write short notes on: (3 out of 5) (15)

- a) Working capital
- b) Trend analysis
- c) Limitation of ratio analysis
- d) Cash flow from investing activities
- e) Current ratio