

Q. 1 A) Multiple choice questions : (Any 8)

8

- 1) Depreciation on Machinery is shown under _____
 a) Office Expenses
 b) Selling Expenses
 c) Finance Expenses
 d) Cost of goods sold
- 2) Permanent working capital is also known as _____
 a) Gross working capital
 b) Permanent working capital
 c) Net working capital
 d) Temporary working capital
- 3) Profit on Sale of Assets is _____
 a) Non-Operating Income
 b) Operating Income
 c) Direct Income
 d) Non of the above
- 4) Cash Flow statement is prepare as per _____
 a) AS-1
 b) AS-4
 c) AS-2
 d) AS-3
- 5) Following is the current asset.
 a) Stock
 b) Creditors
 c) Debentures
 d) Share Capital
- 6) Management Accounting is useful in increasing _____
 a) Expenses
 b) Cost
 c) Profitability
 d) Share Value
- 7) Standard Quick Ratio is _____
 a) 2 : 1
 b) 1 : 2
 c) 1 : 3
 d) 1 : 1
- 8) The functions of Management Accounting includes _____
 a) Reporting
 b) Controlling
 c) Co-Ordinating
 d) All of the above
- 9) Return on Capital employed is also known as _____
 a) Return on total assets
 b) Return on Equity capital
 c) Return on Investment
 d) Return on fixed assets
- 10) Assets which can be converted into cash within one year are _____
 a) Fixed Assets
 b) Current Assets
 c) Fictitious Assets
 d) Non of the above

B) Match the following : (Any 7)

'A'

- 1) Stock
- 2) Goodwill
- 3) Net Profit Ratio
- 4) Proprietary Ratio
- 5) Plant and Machinery
- 6) Loss by fire
- 7) Advance Tax paid
- 8) Debtors Turnover Ratio
- 9) Provision for Tax
- 10) Strategic Information

'B'

- a) Non-Operating Expenses
- b) Combined Ratio
- c) Fixed Asset
- d) Top level management
- e) Current Asset
- f) Current Liability
- g) Balance sheet Ratio
- h) Intangible Asset
- i) Revenue statement Ratio
- j) Non-liquid Asset

7

Q.2

The following balance are extracted from Magnus Ltd.

Balances as on 31st March, 2015

Bank loan	2,00,000	Creditors	3,00,000
7% Preference	5,00,000	Goodwill	2,50,000
Share Capital		Bills Receivable	2,75,000
Investment	2,50,000	Plant & Machinery	6,00,000
Debtors	4,00,000	P &L A/C (cr. bal)	4,00,000
Proposed Dividend	1,20,000	Land & Building	10,00,000
Prepaid Expenses	50,000	Equity Share Capital	10,00,000
Provision for Taxation	2,30,000	Bank Overdraft	1,50,000
Preliminary Expenses not written off	25,000	Cash	75,000
Closing Stock	4,00,000	Furniture	4,00,000
12% Debentures	5,00,000	General Reserve	4,25,000
Bills Payable	1,00,000	Advance Tax	2,00,000

You are required to prepare Balance Sheet in Vertical Format.

OR

Q.2

Following balance are extracted from the books of Yash Ltd.

Balances as on 31st March, 2015

Particulars	2012 (₹)	2013 (₹)	2014 (₹)
Net Sales	30,000	40,000	50,000
Opening Stock	3,000	5,000	7,000
Purchases	17,000	19,000	20,000
Wages	1,500	3,000	2,000
Carriage inward	2,000	4,000	4,000
Closing stock	5,000	7,000	6,000
Office Expenses	1,000	1,200	1,500
Selling Expenses	700	900	1,000
Finance Expenses	600	1,000	2,000
Non-Operating Income	500	300	500
Non-Operating Expenses	800	900	1,000
Tax	40%	40%	40%

You are required to prepare vertical Trend Analysis Profit & Loss Account from the above.

Q.3

Prepare estimated working capital for 2015-16 from following information.

Present Position 2014 -15

Operating capacity - 40% giving output of 40,000 units for the year.

Cost sheet per unit -

Raw material	20
Wages	15
Overheads	10
Profit	5

Estimates for next year 2015-16

Operating capacity - 60%

Cost structure

Raw material cost to increase by 10%

Wages cost to increase by 20%

Selling Price to increase by 20%

Additional information :

- 1) The raw materials will remain in stock for 1 month.
- 2) The production process will take 1 month.
- 3) The finished goods will remain in the stock for 2 months.
- 4) The customers will be allowed a credit of 2 months.
- 5) The suppliers will allow a credit of a 1 month.
- 6) The time lag in payment of labour will be 1 month.
- 7) The time lag in payment of overheads will be half a month.
- 8) The Cash & Bank balance is expected to be ₹ 25,000.
- 9) Calculate debtors on cost basis.
- 10) 20% of the purchase will be on cash basis.

OR**Q.3**

Following is the Profit and Loss A/C of Prestige Ltd for the year ended 31st March, 2016

15

Particulars	₹	Particulars	₹
To Opening Stock	27,150	By Sales	2,55,000
To Purchases	1,63,575	By Closing Stock	42,000
To Carriage inward	4,275	By Interest Received on Investment	2,700
To Office Expenses	45,000		
To Sales Expenses	13,500		
To Loss on Sale of Assets	1,200		
To Net Profit c/d	45,000		
	2,99,700		2,99,700

Convert above statement in vertical format and calculate following ratios.

- a) Gross Profit Ratio
- b) Stock Turnover Ratio
- c) Operating Ratio
- d) Office Expenses Ratio
- e) Net Profit before Tax Ratio

Q.4

Following is the Balance Sheet of Karan Ltd as on 31st March, 2015.

15**Balance Sheet as on 31st March, 2015**

Liabilities	₹	Assets	₹
Equity Share Capital	2,50,000	Land	2,00,000
10% Preference Share Capital	1,50,000	Machinery	2,50,000
General Reserve	2,00,000	Furniture	2,00,000
8% Debentures	1,50,000	Investments	90,000
Creditors	1,00,000	Stock	35,000
Bills Payable	50,000	Debtors	50,000
		Cash	40,000
		Bills Receivable	30,000
		Preliminary Expenses	5,000
	9,00,000		9,00,000

Prepare a common size Balance Sheet in Vertical format.

OR

Q.4

From the following information calculate the following Ratios and Write Comment on current Ratio

- | | |
|-------------------------|-----------------------------|
| a) Current Ratio | e) Gross Profit Ratio |
| b) Stock Turnover Ratio | f) Net Profit Ratio |
| c) Liquid Ratio | g) Creditors Turnover Ratio |
| d) Debt Equity Ratio | |

Balance Sheet as on 31st March, 2015

Liabilities	₹	Assets	₹
Bills Payable	25,000	Fixed Assets	1,25,000
Creditors	50,000	Debtors	50,000
Debentures	1,00,000	Bank	25,000
Reserve	50,000	Stock	1,25,000
Equity Share Capital	50,000		
Preference Share Capital	50,000		
	3,25,000		3,25,000

Profit and loss Account for year ended 31-03-2015

Particulars	₹	Particulars	₹
To Opening Stock	75,000	By Sales	5,00,000
To Purchase	1,50,000	By Closing Stock	1,25,000
To Wages	1,50,000	By Profit on sale of Assets	25,000
To Office Expenses	25,000		
To Selling Expenses	25,000		
To Loss by fire	27,500		
To Interest	5,000		
To Net Profit	1,92,500		
	6,50,000		6,50,000

- Q.5 A) Define Working Capital and Explain the factors affects the requirement of working capital.
- B) Define Asset. Explain various types of assets.

OR

Q.5 Write a Short Note : (Any 3)

- 1) Balance sheet Ratio.
- 2) Functions of management Accounting.
- 3) Difference between financial accounting and management accounting.
- 4) Type of working capital
- 5) Combined Ratio.

— The End —