

Q. P. Code: 37087

Maximum Marks: 75

Duration: 2 ½ hrs

- Note: 1) There are 5 questions with internal choice
 2) Each question carries 15 marks.
 3) Suitable assumptions and working notes should form the part of your answer.
 4) Figures to the right hand side indicate full marks.
 5) Please check whether you have got the right question paper.

Q. 1 A) Rewrite the sentences with correct option (Any 8)

(08)

1. _____ is the test of the Short term liquidity of a business.
 - a. Debt Equity ratio
 - b. Stock turnover ratio
 - c. Operating ratio
 - d. Current ratio.
2. Dividend Received is a Cash Flow from _____ Activity.
 - a. Operating
 - b. Financial
 - c. Investment
 - d. None of these.
3. Working Capital Cycle is also known as _____.
 - a. Operating Cycle
 - b. Investment Cycle
 - c. Financial Cycle
 - d. All of these.
4. Accounting Standard no. _____ deals with Cash Flow Statement.
 - a. 12
 - b. 9
 - c. 6
 - d. 3.
5. In Common Size Revenue Statement, Percentages of all the components is computed based on _____.
 - a. Net Profit
 - b. Net Purchases
 - c. Total Sales
 - d. Net sales.
6. _____ is an example of Fictitious Asset.
 - a. Preliminary Expenses not written off
 - b. Advertisement Expenditure not written off
 - c. Both a) and b)
 - d. None of these.

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7. When Current assets are less than Current liabilities then it is called as _____
Working Capital.
 - a. Gross
 - b. Positive
 - c. Negative
 - d. Zero.
8. Purpose of management accounting is to _____.
 - a. Ascertain Profit and Loss of Business
 - b. Know Financial Status of Business
 - c. Both a) and b)
 - d. Assist managers to make decisions.
9. Accounting ratios can be expressed in _____.
 - a. Pure number
 - b. Percentage
 - c. Times
 - d. Pure number or Percentage or Times.
10. _____ is not an operating expense.
 - a. Advertising expenses
 - b. General management salaries
 - c. Depreciation of Machinery
 - d. Loss on sale of motor car.

Q.1 B) Match the following: (Any 7)

(07)

Group A	Group B
a) Management Accounting	i. Vertical Analysis
b) Financial Accounting	ii. Sale of Fixed Assets
c) Debt Equity Ratio	iii. Combined ratio
d) Debtors Turnover Ratio	iv. Balance sheet Ratio
e) Gross Profit Ratio	v. Total Current Assets
f) Investment Activity	vi. Mandatory in case of Companies
g) Operating Activity	vii. Current Assets – Current Liabilities
h) Gross Working Capital	viii. Horizontal Analysis
i) Comparative Statement	ix. Sale of goods
j) Common Size Statement	x. Revenue ratio
	xi. Voluntary in case of Companies

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Q.2 Following is the balance sheet of GAMA Ltd. as at 31st March, 2016 (15)

Liabilities	Rs.	Assets	Rs.
Equity Share Capital	200000	Machinery	592000
General Reserve	140000	Investments	224000
10% Preference share capital	360000	Stock	202000
15% Debentures	240000	Bills Receivable	40000
Trade Payables	244000	Trade receivable	98000
Bank Overdraft	40000	Cash At Bank	76000
Provision for tax	36000	Profit and Loss Account	28000
	1260000		1260000

Additional Information

Sales for the year Rs.1400000; Gross Profit – 25% and opening stock is Rs.218000.

You are required to calculate the following ratios (after preparing Vertical Balance Sheet)

(i) Acid test ratio (ii) Stock turnover ratio (iii) Capital Gearing ratio (iv) Proprietary ratio

OR

Q.2 Following is the profit and loss account of ABC Ltd. for the year ended 31-3-2016. (15)

Particulars	Rs.	Particulars	Rs.
To Opening Stock	200000	By Sales	
		Credit	900000
		Cash	350000
To Purchases	510000		1250000
To Wages	125000	By closing stock	300000
To Factory expenses	95000	By dividend received	5500
To Office Salaries	60000		
To General expenses	65000		
To Selling expenses	56250		
To Depreciation on Machinery	125000		
To Provision for taxation	70250		
To Transfer to General reserve	100000		
To net profit	149000		
	1555500		1555500

Additional Information:

Opening balance of Debtors is Rs. 230000 and at the end of the year is Rs. 220000.

Whereas Creditors in the beginning is Rs. 155000 and at the end of the year is Rs. 185000

You are required to compute the following (after preparing Vertical Income Statement):

(a) Gross Profit ratio (b) Operating Ratio (d) Creditors Turnover Ratio and
(e) Debtors Turnover ratio.

Q.3 The Balancesheet of M/S Vigour Ltd as on 31st March, 2016 And 31st March, 2017 were as follows: (15)

LIABILITIES	31-03-16 Rs.	31-03-17 Rs.	ASSETS	31-03-16 Rs.	31-03-17 Rs.
Equity share capital	3,00,000	3,00,000	Land & buildings	1,50,000	1,46,250
General reserve	1,00,000	1,00,000	Plant & machinery	3,00,000	3,22,750
Profit & loss account	-	63,000	Furniture & fixtures	60,000	40,000

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12% debentures	1,90,000	1,00,000	Stock	86,000	80,000
Creditors	60,000	1,40,000	Book debts	95,000	1,63,000
Outstanding expenses	20,000	20,000	Cash	15,000	5,000
Provision for tax	1,10,000	1,00,000	Bank	10,000	6,000
Proposed equity dividend	30,000	35,000	Prepaid Expenses	84,000	90,000
			Preliminary expenses	10,000	5,000
Total	8,10,000	8,58,000	Total	8,10,000	8,58,000

Additional informations:

- New machinery costing Rs. 80,000 was bought and an old machinery costing Rs. 18,000 (WDV Rs. 6000) was sold for Rs. 11,000.
- Tax paid during the year Rs. 90000
- Dividend proposed during the year 12% of Equity share Capital.

Prepare cash flow statement as per as-3 (use indirect method).

(15)

OR

Q.3 A manufacturing unit wants to estimate their working capital requirements for the year 2017 for 24000 units. Its cost structure is as follows: Materials Rs.150, Wages Rs.120, Factory overheads Rs.40, Administrative overheads Rs.50. Selling price is 10% of sales.

It is estimated that:

- Material equal to a month consumption and finished goods equal to one and half months will be carried in stock.
- Process cycle is half a month.
- Customers are given a credit of two months.
- Suppliers give one month credit.
- Lag in payment of wages is a month and in respect of overheads is half a month.
- Cash on hand is Rs.40000.
- Of the output $1/5^{\text{th}}$ of the output is sold for cash.

You are required to estimate the amount of working capital required for the year 2017.

(15)

Q.4 The accountant of a Pretty Ltd submits the following Trading and Profit and Loss a/c for the year ended 31st March, 2017

(15)

Expenses	Rs.	Income	Rs.
To Opening stock	70,000	By Sales	16,60,000
To Purchase	15,00,000	By Closing Stock	1,60,000
To Gross Profit	2,50,000		
	18,20,000		18,20,000
To Administrative Expenses	36,000	By Gross Profit	2,50,000
To Selling Expenses	74,000	By Interest	10,000
To Tax Provision	40,000		
To Proposed Dividend	16,000		
To Net Profit	94,000		
	2,60,000		2,60,000

You are asked to prepare a Commonsize statement and offer your comments.

OR

Q.4XYZ Ltd. provides you following balance sheets. Rearrange them in vertical form and prepare Comparative statement and offer your comments:

(15)

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Liabilities	2016	2017	Assets	2016	2017
Preference Capital	1,20,000	1,65,000	Goodwill	30,500	20,500
Equity Capital	1,30,000	1,30,000	Building	85,000	80,700
Capital Reserves	24,000	24,000	Machinery	1,20,000	2,29,000
Profit & Loss A/c	40,000	51,000	Investment	60,000	80,200
10% Debentures	50,000	1,30,000	Short Term Investment	75,800	47,700
Creditors	30,000	37,000	Debtors	50,000	97,000
Bills Payable	60,500	75,000	Stock	30,000	47,400
Tax Provision	23,000	35,500	Cash & Bank	26,200	45,000
TOTAL	4,77,500	6.47,500	TOTAL	4,77,500	6.47,500

Q.5 A) Distinguish between Management Accounting and Financial Accounting (any 8 points of difference) (08)

B) What is Working Capital? Explain any 6 Determinants. (07)

OR

Q.5 Write Short Notes on any 3 of the following. (15)

- Cash Flow from operating activities.
- Advantages of Management Accounting.
- Limitations of Ratio Analysis.
- Working capital Cycle.
- Comparative Analysis Statement.
